

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 25-26, 2026

From: TANISHA TAYLOR, Executive Director

Reference Number: 4.1, Action

Prepared By: Justin Behrens
Deputy Director

Published Date: June 12, 2026

Subject: State and Federal Legislative Matters

Recommendation:

Staff recommends the California Transportation Commission (Commission) accept this report on state and federal legislation and sign on to the California Federal Surface Transportation Reauthorization Principles document prepared by the California Department of Transportation (Caltrans).

Issue:

Commission staff continue to monitor bills pursuant to the Commission's bill monitoring policy. This item will be updated with an attachment that includes the list of bills being monitored prior to the June Commission meeting.

Commission staff is not recommending any positions on bills at this time.

Background:

State Legislation

The deadline for bills to pass out of their house of origin was May 29. Policy committees resumed meeting on June 1 and have until July 2 to consider bills in the second house. The Legislature is scheduled to adjourn for Summer Recess on July 2 and will reconvene on August 3. The deadline for second house fiscal committees to meet is August 14, ahead of the end of the 2025-26 legislative session on August 31.

Staff continue to provide technical assistance to bill authors, legislative staff, and stakeholders.

State Budget

Since the Governor submitted his updated 2026-27 budget proposal on May 14, the Senate and Assembly budget committees have met to consider the Administration's proposals. The Legislature must pass a budget for fiscal year 2026-27 by June 15, which will take effect at the beginning of the fiscal year on July 1. The revised budget does not include any changes from the January budget that affect the Commission or its programs.

This item will be updated prior to the June Commission meeting with any developments related to the budget.

Federal Legislation

The Infrastructure Investment and Jobs Act (IIJA) will expire on September 30. At the January 2026 Commission Meeting, Caltrans presented on the California Federal Surface Transportation Reauthorization Principles document (included as Attachment B), which outlines California's key priorities for the federal surface transportation reauthorization bill. Caltrans is circulating the document and soliciting signatories through July 31. Commission staff has reviewed the consensus principles and recommends the Commission join other transportation partners and stakeholders as a signatory.

On May 22, the House Transportation and Infrastructure Committee approved a five-year surface transportation reauthorization bill titled the "Building Unrivaled Infrastructure and Long-Term Development for America's 250th Act" (BUILD America 250 Act). While IIJA provided \$1.2 trillion from federal fiscal year 2022 through federal fiscal year 2026, this bill includes \$474 billion in guaranteed funding and an additional \$106 billion subject to future appropriation, for a total of \$580 billion from federal fiscal year 2027 through federal fiscal year 2031. Overall, the bill would increase guaranteed highway funding from \$351 billion in IIJA to \$376 billion (approximately 7%) and decrease guaranteed transit funding from \$91.2 billion in IIJA to \$87.6 billion (approximately 4%). It would also eliminate guaranteed funding for rail (\$66 billion in IIJA) and instead provide \$64.7 billion contingent on future appropriations. The bill also proposes annual registration fees of \$35 for hybrid vehicles and \$130 for electric vehicles that will increase by \$5 each year to address the solvency of the Highway Trust Fund.

Several formula programs are also proposed to be eliminated, including the Carbon Reduction Program, the Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) formula program, while other programs are proposed to be expanded, including the National Highway Performance Program and the Surface Transportation Block Grant program.

Commission staff will continue to monitor the House proposal and any proposals introduced in the Senate.

Attachments:

- Attachment A: Legislation Monitored by Commission Staff
- Attachment B: California Federal Surface Transportation Reauthorization Principles Document

4.1

STATE AND FEDERAL LEGISLATIVE
MATTERS

ATTACHMENT A FOR THIS ITEM WILL BE PROVIDED
PRIOR TO THE JUNE 25-26, 2026
CALIFORNIA TRANSPORTATION COMMISSION MEETING



CALIFORNIA FEDERAL SURFACE TRANSPORTATION REAUTHORIZATION PRINCIPLES

APRIL 2026 • Revised Final • Director's Office, Office of the Federal Liaison



“Federal funding is the backbone of transportation infrastructure investments. Without investments in infrastructure California cannot compete with other major world powers. California is committed to maintaining its place as the 5th largest economy in the world.”

- Gavin Newsom, California Governor

“We are committed to providing a world-class transportation system by making smart investments to upgrade our infrastructure and better serve all travelers. There is no point in having a world-class transportation system if it results in numerous fatalities. The best road safety initiative is prevention, and by keeping US DOT accountable in their prioritization of and commitment to safety, we can better align transportation improvements with community safety needs.”

- Toks Omishakin, California Transportation Secretary

“Increasing federal funding and decreasing the number of discretionary programs will remove time-consuming and expensive barriers for our local partners to more efficiently increase necessary project delivery.”

- Dina El-Tawansy, Caltrans Director



US 395 SNOW/ICE
CARRY CHAINS
USE CAUTION

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CALIFORNIA'S VISION FOR TRANSPORTATION

THE CALIFORNIA STATE TRANSPORTATION AGENCY'S (CALSTA'S) VISION IS THAT WHOEVER YOU ARE, WHEREVER YOU LIVE, EVERY PERSON HAS ACCESS TO A SAFE, SUSTAINABLE AND CONVENIENT TRANSPORTATION SYSTEM THROUGHOUT CALIFORNIA. THE CALIFORNIA DEPARTMENT OF TRANSPORTATION'S (CALTRANS') VISION IS A THRIVING AND CONNECTED CALIFORNIA. THESE VISIONS CARRY BOTH NATIONAL AND GLOBAL IMPACTS. TO ACHIEVE OUR VISION, WE RECOMMEND CONGRESS FOCUS ON THESE CORE POLICY PRINCIPLES TO GUIDE THE NEXT SURFACE TRANSPORTATION REAUTHORIZATION LEGISLATION PACKAGE:

- 1. Enacting Funding Reforms:** California's transportation infrastructure needs sustainable federal funding, but federal investments are failing to keep pace with our state and local investments. Baseline federal funding for the next surface transportation bill must grow from current levels and keep up with inflation to advance safety and mobility in a meaningful way. Congress should stabilize the federal Highway Trust Fund, implement a timely multi-year surface transportation reauthorization, allow maximum transferability among formula program categories, reduce the number of discretionary competitive grant programs, and streamline complex and duplicative programs to remove barriers to funding transportation projects.
- 2. Prioritizing Safety First:** Safety is our number one priority, and the only acceptable number of deaths is zero. That is why California is committed to reaching our goal of zero deaths and serious injuries on California's roads by 2050 by implementing the Safe Systems Approach. Congress should provide dedicated formula funding that funds robust, proactive safety programs—including programs targeted at changing behaviors—and focus the U.S. Department of Transportation's (US DOT's) resources on improving multi-modal safety outcomes.
- 3. Supporting Economic Prosperity and Workforce Development:** Transportation drives our economy, but we can't build tomorrow's infrastructure with yesterday's workforce. California needs a pipeline for skilled workers to enter the workforce through training programs, university partnerships, and hiring commitments. Federal programs must support small businesses and contractors with workforce development opportunities and training—including partnerships between federal, state, and local agencies, educational institutions, and industry organizations—to meet the evolving needs of the transportation sector. Congress should authorize programs and funding to prioritize people and communities and not just pavement.
- 4. Advancing Transportation Innovation:** California is a national leader in innovative processes, pioneering technology, and intelligent transportation systems (ITS). Congress should streamline transportation project delivery to provide states like ours with the flexibility to experiment with, and harness, new technologies and processes, reform the environmental review process to achieve better outcomes for infrastructure and the environment, and simplify federal permitting actions. Congress should also support emerging transformative technologies and take measures to prepare our infrastructure for these technologies.



FEDERAL FUNDING PROVIDES CRITICAL SUPPORT FOR CALIFORNIA'S ECONOMY

WORLD CLASS INFRASTRUCTURE DRIVES CALIFORNIA'S ECONOMIC PROSPERITY AND CONNECTS PEOPLE AND GOODS TO DESTINATIONS LIKE JOBS, SCHOOLS, HOSPITALS, AND MARKETPLACES EVERY DAY.

Transportation is the backbone of California's \$4.1 trillion economy—the fifth largest in the world—and is essential to the movement of goods and people that directly sustain nearly 40 million residents, or about 12 percent of the U.S. population. California's transportation system is the most complex in the nation, with 58 counties (25 self-help counties), 483 cities, 18 metropolitan planning organizations (MPOs), 26 regional transportation planning agencies (RTPAs), 237 transit agencies, more than 30 passenger and freight rail operators, and 109 federally recognized tribal governments—all working together to plan, fund, and deliver transportation projects.

The state anchors the national supply chain through its 11 major seaports, including the Ports of Los Angeles and Long Beach, which together handle approximately 40 percent of all U.S. containerized trade.¹ California is also home to more than a dozen major cargo airports and three land ports of entry with Mexico that support high volumes of freight and cross-border commerce. As the nation's leading trade gateway, California's transportation network underpins U.S. economic growth, trade competitiveness, and the national supply chain—making continued federal investment in this infrastructure critical to the national economy.

Safety is California's top transportation priority. Unfortunately, from 2013 to 2021, California experienced an overall 29 percent increase in traffic fatalities on public roads. That is why California adopted the safe system approach in 2020 as the method to reach our goal of zero fatalities and serious injuries by 2050. The safe system approach rests on five principles: Death and serious

injuries are unacceptable, humans make mistakes, humans are vulnerable, responsibility is shared, safety is proactive, and redundancy is essential. California is committed to turning these trends around and making our systems safe for all travelers, regardless of how they chose to travel.

The transportation sector is California's largest source of emissions. To address this, the state has set critical goals to accelerate the deployment of zero-emission vehicles and shift trips to more sustainable modes of travel to meet air quality standards and achieve carbon neutrality by 2045. These efforts aim to eliminate carbon and air pollution from the transportation system and improve statewide air quality. Federal transportation programs should continue to support these goals to ensure cleaner air for all Californians.

At the same time, the transportation system is changing, and so are the needs of our communities. California faces more demands than ever to turn industry challenges into opportunities for progress. Transformative investments in technology present one of the greatest opportunities to improve the lives of all Californians by making travelling safer, more efficient, and more reliable. California also faces significant workforce development needs to ensure a pipeline of transportation professionals—from engineers and planners to skilled trades and logistics specialists. Achieving our vision will require us to address workforce gaps and expand the state's infrastructure capacity to sustain long-term economic growth.

California's federal transportation priorities closely align with the American Association of State Highway and Transportation Officials (AASHTO) policy recommendations on surface transportation reauthorization² and the US DOT's reauthorization principles³ of enhancing transportation safety, accelerating project delivery for transportation projects, increasing opportunities through investment in transportation infrastructure, and strengthening partnerships to improve transportation outcomes.

¹ Trade & Logistics: L.A. County Trade Sector at a Glance, Los Angeles County Economic Development Corporation. Retrieved September 23, 2025.

² AASHTO Transportation Policy Forum Reauthorization Resources, AASHTO. Retrieved September 5, 2025.

³ U.S. Transportation Secretary Sean P. Duffy Kicks Off Surface Transportation Reauthorization to Get America Building Again, US DOT, July 17, 2025.

CORE POLICY PRINCIPLES

1.1. STABILIZE THE HIGHWAY TRUST FUND AND IMPLEMENT TIMELY MULTI-YEAR SURFACE TRANSPORTATION REAUTHORIZATION LAWS

Congress should continue IIJA funding levels (plus inflation) as a baseline for the next surface transportation reauthorization act and enact highway trust fund solvency reforms.

After the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) ends in federal fiscal year (FFY) 2026, Congress will need to identify an additional \$114 billion (adjusted for inflation) over the next six years just to maintain current federal transportation spending levels. It is crucial for federal transportation programs to provide long-term funding stability so major multi-year projects can be completed on time and on budget.

At the same time, federal revenue is decreasing over time because the primary funding mechanism—the federal gas tax—does not account for inflation adjustments. This consumption-based tax is also affected in part by increasing fuel efficiency, changing travel patterns, and the rising market share of alternatively-fueled vehicles. In recent reauthorizations, Congress has used general funds to backfill diminishing highway trust fund revenues.

California supports AASHTO's recommendation that current federal transportation funding levels (plus inflation adjustments) must be the baseline for any future surface transportation act. In the near term, Congress will need to find ways to maintain the same level of funding provided under the IIJA, while the nation continues to explore other long-term alternatives to modernize and stabilize funding, like a national road usage charge or vehicle registration fee.

Figure 1 depicts the US DOT's accounting of the federal Highway Trust Fund levels, revenues collected, and expenditures for 2013 through 2024, along with the Congressional Budget Office's projections for fund levels and California's projected transportation funding needs for the years 2025 through 2034. This figure illustrates the federal Highway Trust Fund's structural cash flow issues and underscores the depth of its fiscal challenges:

- Generally, federal spending on transportation is rising to meet the demand for more transportation infrastructure, including higher construction costs, deferred maintenance, increasing project complexity, and more frequent natural disasters.
- Large revenue spikes in 2016 and 2022 show one-time Congressional appropriations of general funds for transportation from prior multi-year surface transportation reauthorization bills: The Fixing America's Surface Transportation (FAST) Act in 2015 and the IIJA in 2022.
- In 2025, California completed its first comprehensive State and Local Transportation System Needs Assessment to project the state's transportation needs, available revenues, and funding gaps through the year 2035. California's estimated transportation needs are expected to be approximately \$756.8 billion over the next 10 years, while anticipated revenues are expected to decline by up to \$31 billion, for an estimated 10-year revenue of only \$541 billion.

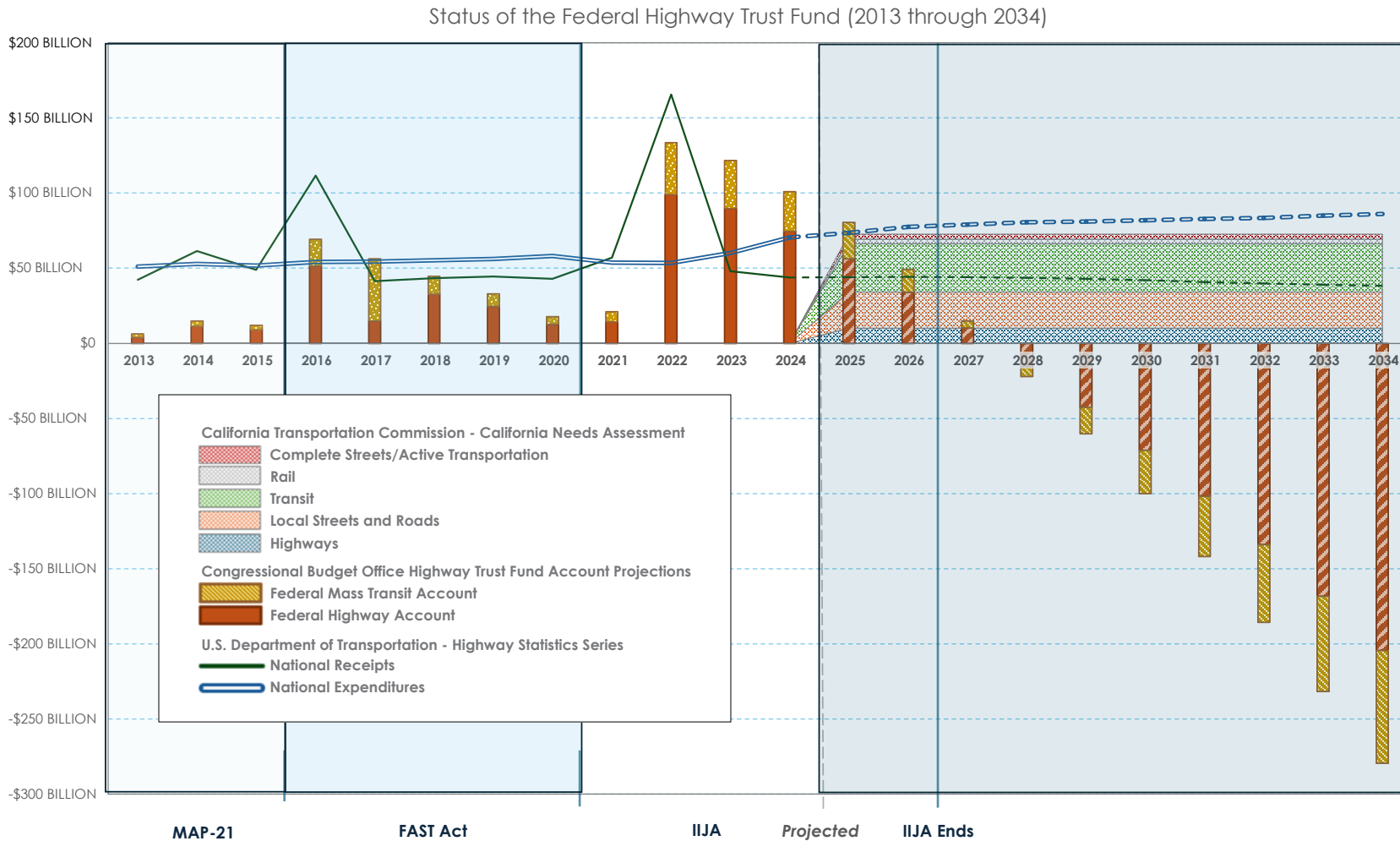
Without action from Congress, the federal Highway Trust Fund will become insolvent in 2028, putting transportation projects nationwide at risk of funding shortfalls. Major transportation projects often take multiple years to complete and need stable funding sources to avoid scheduling delays and cost overruns.

Congress should address the structural deficiencies of these funds through a combination of reforms, potentially including raising revenues or regular multi-year appropriations of general funds for transportation.

Congress should continue to maintain the historic split between highway and transit investments from the federal Highway Trust Fund to dedicate at least a minimum of 20 percent of these funds to transit.

TRUST FUND INSOLVENCY IS OUTPACING PROJECTED NEEDS, AND FUNDING GAPS CONTINUE TO GROW

Figure 1. Federal Highway Account and Federal Mass Transit Account Revenues, Expenditures, and Balances versus California Projected Needs for FFY 2013 through FFY 2034



¹ [Senate Bill 1121 - State and Local Transportation Full Needs Assessment](#), California Transportation Commission. Retrieved September 9, 2025.

² [Baseline Projections Highway Trust Fund Accounts Projections, January 2025](#), Congressional Budget Office. Retrieved September 9, 2025.

³ [Highway Statistic Series Publications 2013-2023, U.S. Department of Transportation, Federal Highway Administration \(FHWA\)](#), Retrieved September 9, 2025.

1.2. PROVIDE GUARANTEED FUNDING AND CONSOLIDATE COMPLETIVE GRANT PROGRAMS WITH SIMILAR OBJECTIVES

Congress should reduce the number of competitive grant programs and focus on providing guaranteed formula funding to state and local governments.

The IIJA authorized more than \$560 billion in transportation spending over five years, creating many new programs and distributing \$196 billion through more than 100 new and existing competitive discretionary grants—representing almost 30 percent of total IIJA funding.¹ However, many state, regional, and local entities have expressed concerns that competitive grants can allow federal agencies to pick winners and losers, subject grantees to too many restrictive requirements, and unnecessarily delay projects through lengthy grant execution processes.² Overreliance on competitive grant programs also unnecessarily delayed the benefits of the IIJA's historic increases in transportation funding by requiring US DOT to set up new programs and issue guidance that takes years to develop.

Figure 2 shows how California has allocated its share of \$22.7 billion in federal formula funding received over the course of the IIJA, while Figure 3 notes the 49 competitive grant programs from which California entities received a total of \$11.3 billion in federal awards. The state has also historically had the second highest rate nationwide of transferring monies between formula funding programs.³ These figures show that California has received almost one-third of its overall IIJA funding through numerous federal grant programs, representing a higher share than the state would have received if these funds were distributed by population alone:

- California has continued to split federal highway funding from these formula programs so that approximately 60 percent is allocated to the state, and 40 percent is allocated to local agencies. California remains committed to reaching an approximate 60:40 split of federal funding between state and local interests under future surface transportation programs.
- California also has the largest Native American population of any U.S. state, with 109 federally recognized tribes. Many tribes lack the staff capacity and resources to compete effectively for state and federal grants, which is a challenge the Bipartisan Infrastructure Law attempted to address with dedicated tribal funding.
- California submitted thousands of applications for IIJA competitive grant programs, spending significant staff resources to chase federal funds that may never materialize. Future federal transportation funding programs should limit the number and scale of highway-related competitive grant programs to avoid the inefficiency of soliciting many thousands of applications, only to award a small number of projects based on subjective criteria after significant delays in time.
- Federal aid cost share on those projects that are selected for a competitive grant should be 95 percent or more, to incentivize applications from disadvantaged, low-income, or rural areas that struggle to compete for funding with well-resourced jurisdictions.

Congress should consolidate competitive grant programs that have similar policy objectives and allow states and local governments flexibility to optimize delivery and simplify the process for funding large-scale transportation projects. Congress should also ensure that future laws provide US DOT with clear statutory eligibility criteria and set timelines for application evaluation and grant execution to reduce the uncertainty that awarded funds will not be received in a timely manner.

California supports AASHTO's recommendation that Congress should increase Highway Trust Fund resources for core highway and transit formula programs, while continuing to ensure tribal governments receive dedicated funding to address their needs. Congress should also maintain the existing ability for states to transfer formula funding between programs to let state and local governments best address their transportation needs.

Congress should set a maximum cap of 5 to 10 percent on the overall amount of funding disbursed through highway-related discretionary competitive grant programs, maintaining only the most significant and highest priority modal or objective-based programs. Congress should continue to provide adequate funding for transit-related discretionary grants that meet local transit agency needs.

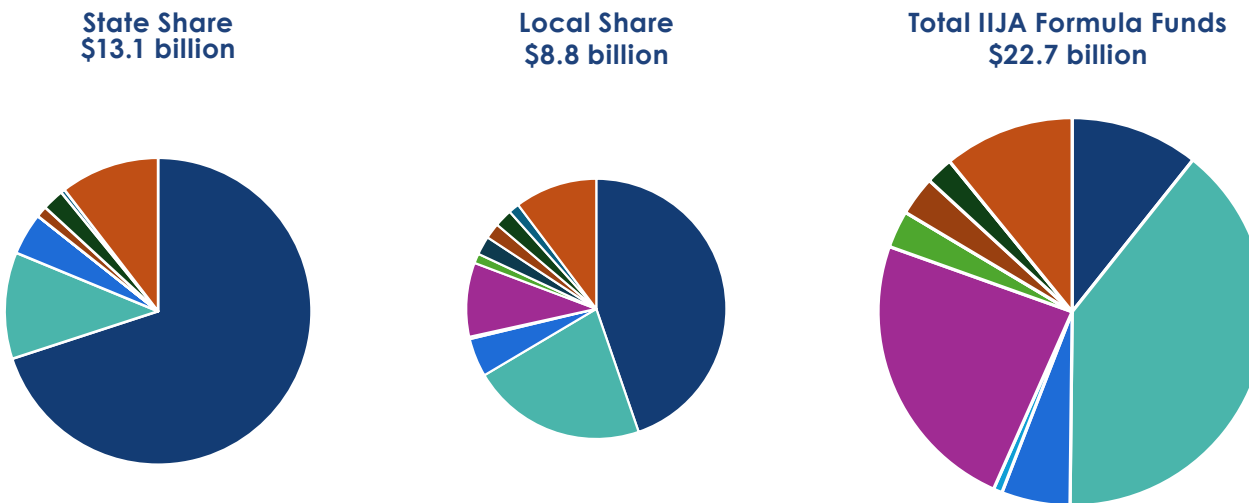
¹ Department of Transportation Discretionary Grants: Stakeholder Perspectives, U.S. House of Representatives, Committee on Transportation and Infrastructure, March 7, 2024.

² House Committee Looks at IIJA Competitive Grants, ENO Center for Transportation, March 8, 2024.

³ Federal Funding Flexibility: Use of Federal-Aid Highway Fund Transfers by State DOTs, Transportation Research Board, 2022.

CALIFORNIA DISTRIBUTED BILLIONS IN FORMULA FUNDING TO LOCAL GOVERNMENTS AND RECEIVED GRANTS FROM 49 IIJA PROGRAMS

Figure 2. Cumulative State, Local, and Total IIJA Funding Split by Federal Program for FFY 2021 through FFY 2025¹



| Formula Funding Programs | State | Local | IIJA Cumulative |
|--|-------------------------|------------------------|-------------------------|
| National Highway Performance Program (NHPP) | \$9,192,000,000 | \$937,000,000 | \$10,138,000,000 |
| Surface Transportation Block Grant Program (STBGP) | \$1,476,000,000 | \$3,457,000,000 | \$4,932,000,000 |
| Highway Safety Improvement Program (HSIP) | \$583,000,000 | \$501,000,000 | \$1,084,000,000 |
| Railway Highway Grade Crossings Program (RHCP) | -- | \$65,000,000 | \$65,000,000 |
| Congestion Mitigation and Air Quality Improvement Program (CMAQ) | -- | \$2,085,000,000 | \$2,085,000,000 |
| Metropolitan Planning Program (MPP) | -- | \$272,000,000 | \$272,000,000 |
| National Highway Freight Program (NHFP) ² | -- | -- | \$524,000,000 |
| Carbon Reduction Program (CRP) | \$154,000,000 | \$286,000,000 | \$440,000,000 |
| PROTECT Formula Program (PROTECT) | \$300,000,000 | \$201,000,000 | \$501,000,000 |
| Electric Vehicle Formula Program (NEVI) ² | \$57,000,000 | -- | \$303,000,000 |
| Bridge Replacement and Rehabilitation Program (BRIDGE) | \$1,372,000,000 | \$953,000,000 | \$2,325,000,000 |
| GRAND TOTAL | \$13,134,000,000 | \$8,757,000,000 | \$22,669,000,000 |

¹Building CA Public Infrastructure Investment Dashboard, California Department of Transportation. Retrieved on October 23, 2025.

²NHFP funds are allocated by the California Transportation Commission (CTC) as part of the Trade Corridor Enhancement Program (TCEP). NEVI funds are allocated by the California Energy Commission (CEC) to eligible projects that are consistent with the FHWA-approved NEVI plan. NEVI and NHFP funding is held outside of the 60/40 funding split, which affects the IIJA Cumulative totals.

Figure 3. California Discretionary Grant Awards FFY 2022 through FFY 2025¹

California was awarded **\$11.3 billion** from 49 federal discretionary grant programs

| | |
|---------------|------------------|
| ADCMS | LCTM |
| AIG | Low/No-Emission |
| AIP | MCSAP |
| AMHP | MEGA |
| AOP | Modernizing NEPA |
| AoPP | PIDP |
| ASAP | PROTECT |
| ATP | R&E |
| ATTAIN | RAISE |
| BBF | RCE |
| BIP | RCP |
| BUILD | RIA |
| CFI | RTA |
| CIDP | RTEPF |
| CRISI | Rural STG |
| CRP | RVP (\$ 5337) |
| CSB | SIRC |
| CTP | SMART |
| EVC-RAA | SS4A |
| Ferry Program | SSG |
| FSP | TOD Pilot |
| H2Hubs | Tribal Transit |
| HCTP | TTP |
| ICAM | WCPP |
| INFRA | |

1.3. STREAMLINE FEDERAL FUNDING PROGRAMS TO MAKE IT EASIER TO DELIVER PROJECTS AND MEET PERFORMANCE OBJECTIVES

Congress should reduce administrative burdens, remove unnecessary restrictions, and combine overlapping programs to allow states to develop innovative solutions and deliver projects faster.

Between 1916 and 2012, Congress distributed federal road funds primarily by formulas that considered key factors like land area, population, urbanization, and road mileage. However, since the enactment of the Moving Ahead for Progress in the 21st Century Act (MAP 21; P.L. 112-141), federal funding has instead prioritized returning a fixed percentage of funds paid into the Highway Trust Fund (95 cents for each dollar paid), rather than basing formulas on policy objectives or other criteria. The IJA combined surface transportation with broader infrastructure programs for the first time and added many new formulas and discretionary transportation funding programs.¹

Each federal funding program comes with its own sets of laws, regulations, and guidance to meet federal objectives and outcomes. These program-specific rules are overlaid on funding restrictions, performance measures, and other procedures that often create barriers to project delivery and restrict transportation project funding in unintentional ways. These dollars are then combined with state and local monies that contain their own rules and procedures to cobble together funding for a transportation project that then must abide by every restriction and reporting requirement.

Figure 4 shows the proportionate share of revenue sources used for transportation in state fiscal year (SFY) 2022–23, while Figures 5 and 6 show the general flow of federal, state, and local revenues used for state highway and local street and road projects:

- Figure 4 shows that roughly one-fifth of California's transportation revenue comes from the federal government (mainly from federal excise taxes on gasoline and diesel) and that some of these funds are directly redistributed to local governments. Approximately one-third of revenue comes from state sources (mainly from fuel taxes and vehicle fees). Slightly less than half of revenue comes from local sources (mainly from local sales taxes and transit fares) and a little more than sixty percent of all transportation funds are redistributed directly to local governments.
- Figures 5 and 6 show that a combination of federal, state, and local revenues from a variety of sources flow through multiple state accounts and programs into many channels, only to end up combined to fund large scale state and local transportation projects.
- At each step in these processes, federal and state laws and regulations add their own rules, conditions, and processes to these funding streams, which results in a wide array of overlapping and complicated project requirements.

Congress should standardize application requirements across USDOT discretionary programs using common templates, defined benefit categories, and predictable selection criteria. Congress should make sure that the next surface transportation law removes programmatic funding restrictions that only serve to create barriers to state and local project delivery.

Congress should also consider scaling compliance, reporting, and documentation requirements to award sizes, so routine procurements and lower cost maintenance projects are not burdened with the same requirements as high-cost mega projects.

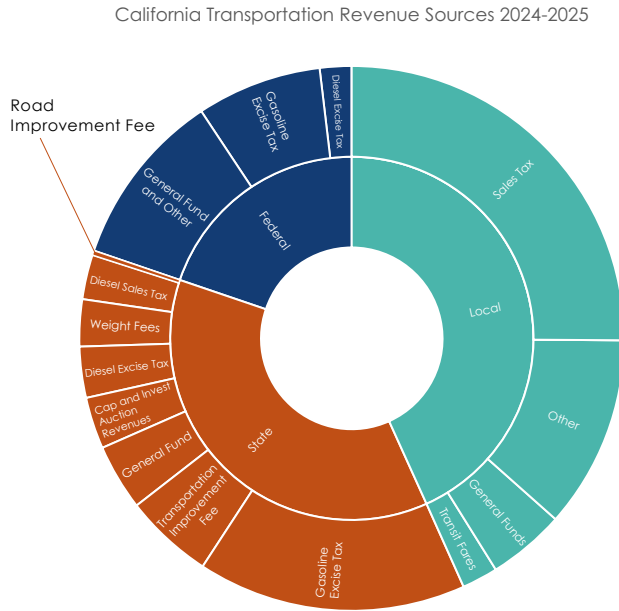
Moreover, to enhance flexibility and program efficiency, Congress should allow maximum transferability among formula program categories, without federal approval, ensuring states can direct funds to the right projects at the right time.

¹[The Highway Funding Formula: History and Current Status Under the Infrastructure Investment and Jobs Act](#). Congressional Research Service. February 15, 2024.

RELIABLE FEDERAL, STATE, AND LOCAL FUNDING ARE ALL NEEDED TO MEET TRANSPORTATION DEMANDS

Figure 4 below demonstrates the proportionate sources of California's transportation revenues --approximately one fourth of which is federal. Figures 5 and 6 below show the flow of the state's transportation revenues as they are combined and expended on state projects and local street and road projects.

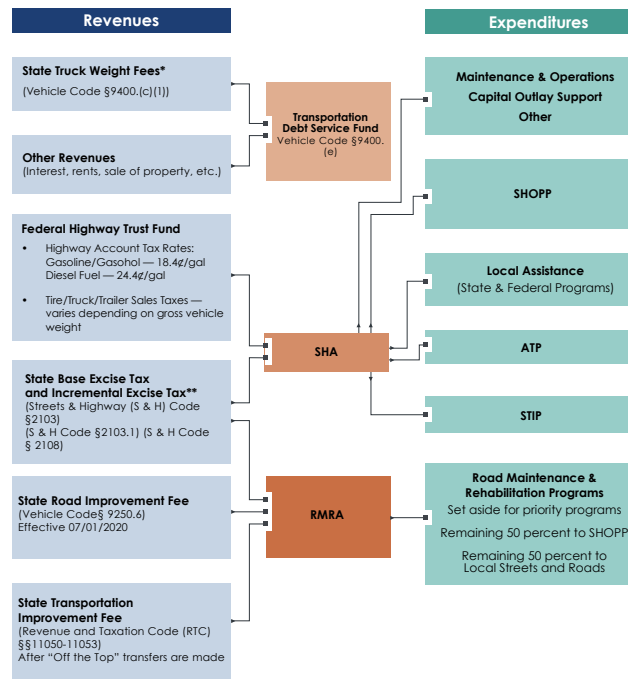
Figure 4. Proportion of California Federal and State Transportation Fund Sources for State Fiscal Year 2022-2023¹



¹ [Overview of Transportation Funding in California](#), Legislative Analystist Office. Retrieved on October 29, 2025.

² [Transportation Funding in California](#), Caltrans. Retrieved on October 29, 2025.

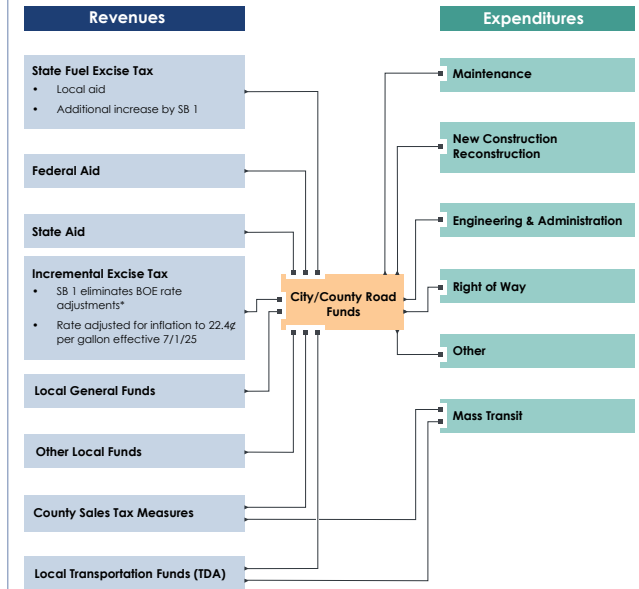
Figure 5. State and Federal Highway Funding State Fiscal Year 2025²



* 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.

** 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) replaced the price-based excise tax with an incremental excise tax of 17.3¢ per gallon rate on July 1, 2019 that adjusts for inflation starting in 2020.

Figure 6. Local Street and Road Funding for State Fiscal Year 2025²



Revenues and expenditures reported in the State Controller, Annual Reports of Financial Transactions at <https://bythenumbers.sco.ca.gov/>;

* Streets and Roads
 * Transit Operators
 * Transportation Planning Agencies
 * See Road Repair and Accountability Act of 2017 (SB 1)

1.4. ALLOW STATE AND LOCAL TRANSPORTATION AGENCIES TO DIRECT FUNDS TO PROJECTS THAT BEST MEET THEIR NEEDS

Congress should provide stable federal funding that meets state and local needs, while prioritizing safety and efficiency across all modes of travel.

On July 17, 2025, US DOT Secretary Sean Duffy outlined an agenda for surface transportation reauthorization focused on four key pillars: enhancing safety across all modes of transportation, accelerating project delivery, increasing opportunities for strategic investments, and expanding partnerships with states and other stakeholders to improve transportation outcomes. Similarly, the U.S. House of Representative Transportation and Infrastructure Committee Chair, Sam Graves, has signaled that the committee intends to refocus on core infrastructure that moves people and goods safely and efficiently, while cutting red tape, accelerating project delivery, and providing states flexibility to address their priorities.

California's federal priorities generally align with these key reauthorization principles, and the state remains committed to advancing safety first, but current federal funding models do not adequately invest in safety and do not offer sufficient choices for travelers. Funding breakdowns by US DOT's modal administrations show that federal funding is highly concentrated on highway programs that prioritize car travel over all other forms of transportation, moving people and goods in inefficient ways.

California transit agencies in particular face major fiscal challenges that cannot be filled by local funding, transit fares, and state funding alone. Without further support, transit operators are forecasting major cuts in operations that would increase traffic congestion on the state's roads and

reduce traveler mobility—especially for vulnerable populations like seniors and people with disabilities who rely heavily on transit services for their daily trips. Federal programs must continue to support high-quality public transportation throughout the state by providing baseline funding for transit operations:

Figure 7 illustrates the funding disparities by modal administration and the proportionate share of funding from federal, state and local sources for FFY 2013 through 2026:

- This figure clearly shows that highways (FHWA) receive the vast majority of US DOT's annual funding, both before and after the IIJA, compared to other modal administrations that receive much less funding. This locks state and local governments into supporting forms of travel that do not meet their constituents' needs.
- The figure also shows that annual state and local expenditures in California are roughly four times the amount of federal expenditures. The federal government needs to keep pace with state investments by paying their fair share of infrastructure costs.
- Since 2015, almost all federal transportation spending has been marked as discretionary spending, requiring Congress to take annual appropriation votes to continue funding transportation infrastructure. Delays in the appropriations process introduce uncertainty that federal funds will be available for projects that are expected to use this funding source.

Congress should ensure states have sufficient flexibility to spend funds on projects that meet state and local needs. Congress should also ensure that states receive sufficient funding for transit operations to improve mobility by retaining transit services at current levels and reducing traffic congestion.

Congress should maintain current funding levels (plus inflation) as the baseline level for federal funding. In addition, Congress should seek to match state and local investments in infrastructure by providing at least one-third as much funding for transportation as state and local governments provide.

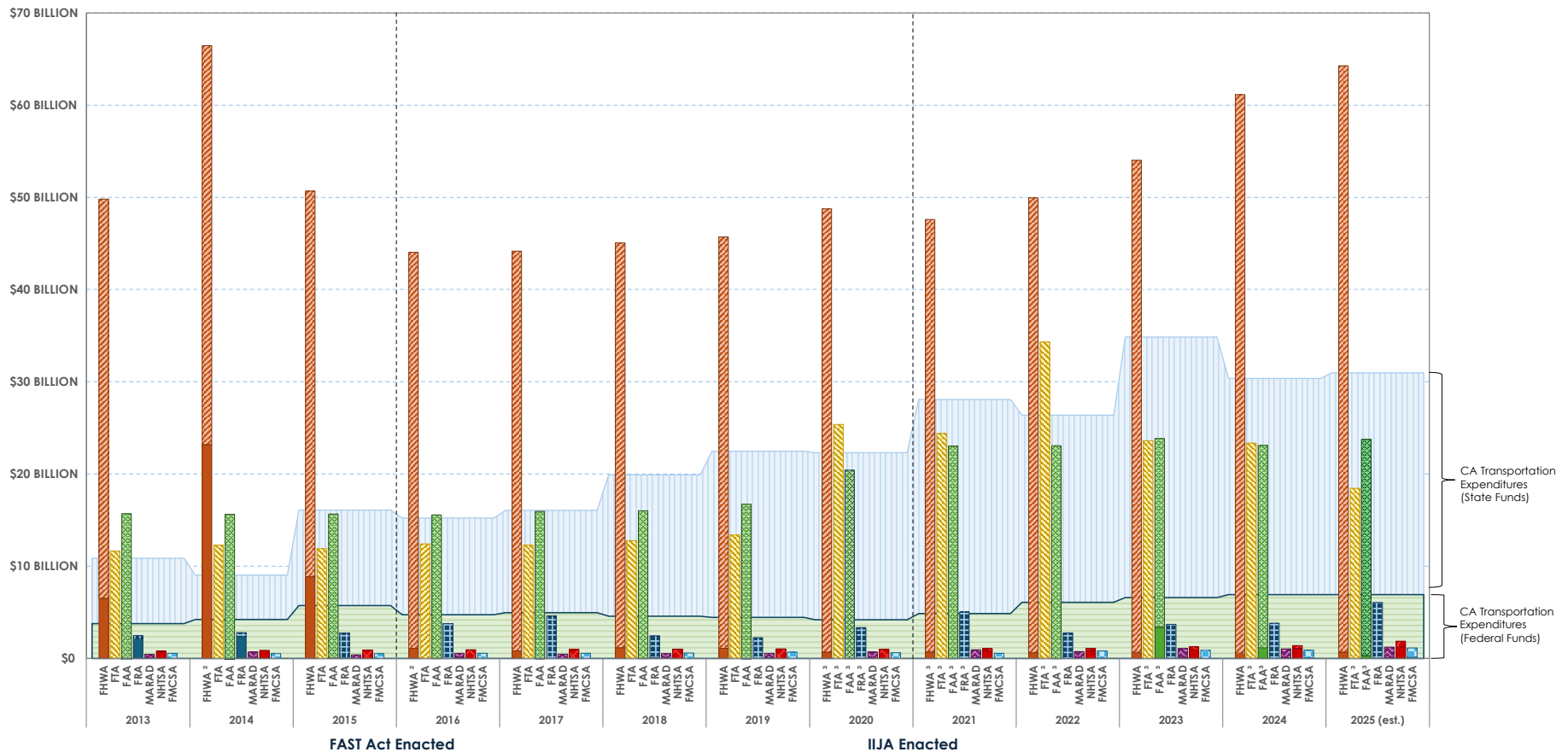
Congress should set mandatory annual funding levels based on expected highway trust fund revenues over the course of the next surface transportation reauthorization bill to provide stability and certainty that federal funding will be available for critical multi-year infrastructure projects.

FEDERAL FUNDING SILOES RESTRICT CALIFORNIANS FROM MAKING CHOICES THAT BEST MEET THEIR NEEDS FOR SAFE AND EFFICIENT TRAVEL

Figure 7. National Mandatory and Discretionary Expenditures by Modal Administration vs. California State and Federal Expenditures for FFY 2013 through FFY 2025

The chart below compares federal transportation funding by modal administration with California state transportation expenditures from 2013 to 2025. The chart shows changes in funding patterns over the last two federal surface transportation laws. National federal funding is shown by modal administration in the hatched bars. California's state and federal expenditures on transportation are shown in the shaded area behind the bars.

Federal Funding by Modal Administration¹ vs. State Transportation Expenditures⁴ (2013 through 2025)



¹ DOT FY Budget Estimates, 2015 through 2026, U.S. Department of Transportation, Retrieved on September 15, 2025.

² FHWA funding includes one-time transfer from federal General Funds to the federal Highway Trust Fund.

³ Includes one-time funding from the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act, 2021 American Rescue Plan Act (ARPA), and 2021 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act.

⁴ LAO Budget Series, Transportation Proposals and Spending Plans: Transportation, 2015 through 2026, Legislative Analyst's Office, Retrieved on September 10, 2025.

2. SAFETY REMAINS CALIFORNIA'S TOP TRANSPORTATION PRIORITY

Congress and the US DOT should continue to put safety first.

In 2023, more than 3,600 Californians died and 14,000 experienced serious injuries on the state's public roadways. Road-related crashes are the leading cause of death for Californians from ages 5 to 24 and the second and third leading causes of deaths, respectively, from ages 25 to 34 and 35 to 44. Californians between the ages of 5 to 44 are almost twice as likely to die from road-related injuries than from homicides.¹ Pedestrians, bicyclists, rural travelers, and tribal members also face significantly higher fatality and serious injury rates than other populations.

Recognizing road injuries as a public health challenge, the California State Transportation Agency (CalSTA) and the California Health and Human Services Agency joined together in 2025 to create the state's first joint policy on road safety that commits California to a prevention-first, Safe System Approach to eliminate fatal and serious traffic injuries. This policy recognizes that road-related crashes are a preventable tragedy, and prevention begins long before someone gets behind the wheel.

California's approach emphasizes that there is a need for comprehensive changes that combine infrastructure, engagement, and policy innovation to create a safer, more connected transportation system. All stakeholders,

including government at all levels, industry, non-profits, advocacy groups, researchers, and the public, are vital to preventing fatalities and serious injuries on our roadways. As the US DOT's guidance on the Safe Systems Approach says, "making a commitment to zero traffic deaths means addressing all aspects of safety through the following five Safe System elements that, together, create a holistic approach with layers of protection for road users: safe road users, safe vehicles, safe speeds, safe roads, and post-crash care."²

However, spending by modal administrations³ focuses the vast majority of US DOT's funds on physical roadway infrastructure through the FHWA, while dedicated funding for vehicle safety and behavioral safety programs⁴ represents a small fraction of overall transportation funding. Safety programs must include the safety of all travelers and workers, such as passengers and operators of transit or ridesharing services and those who work to maintain our roads, highways, rail, and other transportation systems.

As Figure 8 below shows, people travelling by road face much higher rates of fatalities than those who travel by air, rail, or transit. Current highway programs fail to truly prioritize moving people and goods safely and efficiently. Californians should feel as safe driving a car, riding a motorcycle, or walking and biking as they do in the air, on rails, or on transit.

Congress should address these structural problems in the next surface transportation bill by providing dedicated funding for proactive safety programs that provide states with the ability to make changes, supported by the best available evidence, that most effectively reduce deaths and serious injuries on our roadways. State and local agencies know their transportation systems best and the federal government should remove restrictions to give communities the appropriate flexibility to build safe systems based on their needs.

Congress should also continue to prioritize funding to prevent these tragic deaths and injuries by focusing on our most vulnerable road users that are disproportionately affected by road-related deaths and injuries. As part of these efforts, Congress should explore funding changes to create a unified safety administration within the US DOT that works across modes with the sole purpose of making transportation systems safer and reducing deaths and serious injuries to zero.

¹ [2024 California State of Public Health Report](#). California Department of Public Health. March 17, 2025.

² [Zero Deaths and Safe System](#). US DOT FHWA. Retrieved November 1, 2025.

³ Federal Highway Administration (FHWA), Federal Transit Administration (FTA), Federal Railroad Administration (FRA), Federal Aviation Administration (FAA) and Maritime Administration (MARAD).

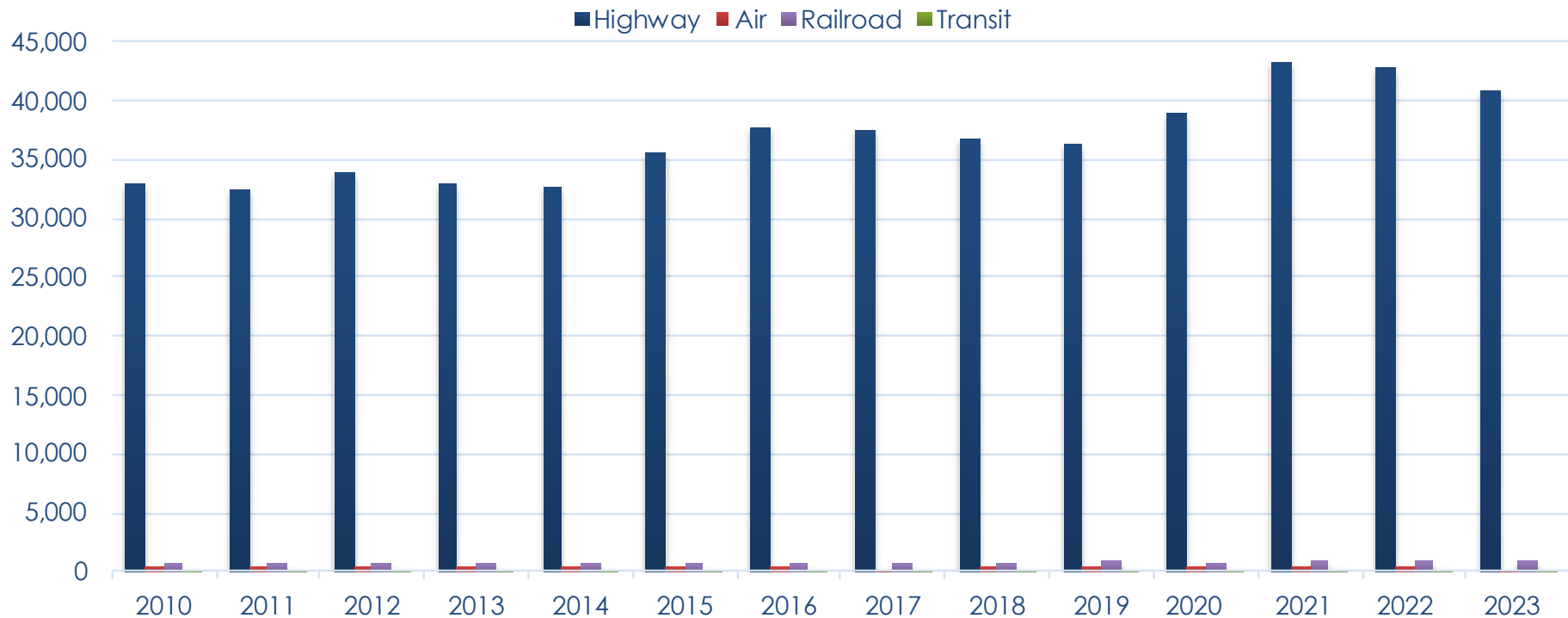
⁴ National Highway Traffic Safety Administration (NHTSA) and Federal Motor Carrier Safety Administration (FMCSA).

ALMOST ALL TRANSPORTATION-RELATED FATALITIES OCCUR FROM AUTOMOTIVE TRAVEL ON THE NATION'S ROADS AND HIGHWAYS

Figure 8. National Transportation Fatalities by Mode, 2010-2023¹

The chart below shows nationwide transportation-related fatalities by mode of travel for calendar years 2010 through 2025. The chart shows that the vast majority of fatalities occur on our roads and highways as compared to rail, transit, and air travel. Reported fatalities increased in 2019 and 2020 to a peak in 2021 and have been on a downward trend since that time.

Transportation Fatalities by Mode



¹ [Transportation Fatalities by Mode](#). US DOT Bureau of Transportation Statistics. May 28, 2025.

3.1. CALIFORNIA'S ECONOMIC PROSPERITY DEPENDS ON CONTINUED INVESTMENTS IN WORKFORCE DEVELOPMENT AND THE STATE'S TRANSPORTATION SYSTEM

Congress should support a “Fix-it-First” approach to infrastructure investments to maintain a modern transportation system, reduce transportation sector emissions, and invest where needs are the greatest.

Transportation systems connect people with opportunities that support a healthy and high-quality life and power local, regional, and international economies. California's network of roads, rail, sidewalks, bikeways, ferries, and bridges are used heavily, with significantly more vehicle miles of travel on our roads than any other state in the nation. These networks are necessary for Californians to get access to schools, jobs, shopping, and health services. California's economic prosperity also depends on a transportation system that provides opportunities for all communities. Small businesses are essential contributors to California's supply chain resilience, innovation ecosystem, and long-term workforce development. The transportation system also supports one of the largest tourism industries in the nation, which brings significant visitors, entertainment, and revenue to the state and local economies—as demonstrated in Los Angeles, where the city is set to host the 2026 FIFA World Cup, and the 2028 Olympic and Paralympic Games.

These demands on the transportation system, combined with our aging infrastructure, create significant needs for rehabilitation and replacement of existing assets. That is why California adopted a “Fix-it-First” policy with the passage of the Road Repair and Accountability Act, Senate Bill 1 (SB 1), in 2017. This approach means that the state is investing first in maintaining existing transportation infrastructure before we expand systems or services. Increased funds from the state fuel tax and local sales tax measures have provided much needed revenue for repairs, but California continues to have a more than \$4 billion backlog of deferred state and local infrastructure repairs to address all its identified needs:

- California's State Highway System requires approximately \$2 billion a year to maintain existing pavement condition, while our local streets and roads need \$1.41 billion to maintain local pavements at current levels and \$5.6 billion in additional funds to reach optimal condition levels.
- In addition to the state network of more than 50,000 highway lane miles, 13,000 bridges and tunnels, and 240,000 culverts, local and regional governments also maintain more than 162,000 road miles. California also has the largest Native American population in the nation, with more than 800,000 tribal members. Collectively, California tribal nations and rancherias manage more than 930 miles of roadways with an estimated need of more than \$500 million over the next ten years for pavement alone.
- The IIJA began addressing major maintenance and safety concerns with aging bridges through the creation of the Bridge Formula Program (BFP) and the Bridge Investment Program (BIP), but underinvestment over many decades means this program cannot be a one-time effort. About half of California's state-owned bridges remain in fair condition, while 3.5 percent are rated poor.
- The state also directs federal funding from the NHPP and the STBGP to maintain the Highway Bridge Program (HBP) that funds locally-owned bridge maintenance and replacement. This program has 800 projects in its 15-year backlog, with total eligible costs of \$3.9 billion. California historically provided about \$300 million annually for this program, which was inadequate to keep local bridges in fair condition. Increased federal funding from the IIJA has enabled the state to provide a \$600 million annual funding level for this program.

Congress should enact “Fix it First” policies that invest first in maintaining existing transportation infrastructure before expanding systems or services. Congress should ensure continued funding for state departments of transportation, while also directing a balanced portion of federal funding to local and regional jurisdictions so that both state and local agencies receive adequate funding to maintain their respective systems.

California's bridges, including those on the National Highway System, require substantial investment to meet the state's 10-year targets. Current studies show that the state needs to maintain at least an \$800 million annual funding level over the next 20 years to maintain the condition of the state's local bridges. Congress should continue to fund federal bridge programs at or above IIJA levels to achieve these targets and maintain the nation's existing bridges in good condition.

Congress should reauthorize the Disadvantaged Business Enterprise (DBE) Program, strengthen race-neutral small business strategies, modernize certification processes, and invest in capacity-building and outreach to expand fair competition and reduce structural barriers for small and disadvantaged businesses.

3.2 TRANSPORTATION SYSTEMS FACE MANY EMERGING ISSUES THAT THREATEN TO INTERRUPT CRITICAL ECONOMIC PATHWAYS

Congress should fund preventative programs that improve transportation resiliency, reduce the risks of future catastrophic events, and speed recovery and repair efforts.

California's transportation system plays many critical roles, from keeping freight moving efficiently across the nation to providing emergency access during major disasters like earthquakes and wildfires. As a central hub in the national supply chain, we must continue investing in infrastructure that keeps California's goods movement system flowing through any supply chain interruption. As we saw during the COVID-19 pandemic, California's seaports and their air, rail, and roadway connections play an essential role in supplying the nation with goods. This system must be resilient and well-supported to support vital national economic stability and trade competitiveness.

California has also experienced cyclical natural disasters with severe consequences, including extreme heat events and severe wildfires followed by subsequent rainstorms caused by atmospheric rivers—and the costs and frequency of these events continue to increase each year. Events like the recent Los Angeles wildfire have lasting effects on the landscape, creating a heightened risk of future flooding and debris flows in burn scars. These threats reach every type of transportation infrastructure, from severe flooding and landslides that frequently close highway corridors throughout California's rural areas to the eroding Del Mar bluffs that interrupt passenger rail services on the second busiest rail corridor in the nation. Thus, it is critical that states receive timely and adequate funding to repair damages from natural disasters from the US DOT's Emergency Relief programs and other sources for highway, transit, and rail projects. Unfortunately, Buy America requirements and other trade restrictions can also often impact projects when domestic

suppliers are unable to meet California's transportation system needs—as the state has encountered when attempting to purchase equipment like underwater pumps.

California and other states need resilient systems that can withstand natural disasters, temporary infrastructure failures, and other domestic disturbances to serve these important emergency access and public evacuation functions.

- The IIJA established the Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) program to provide \$1.4 billion in funding over five years for highway, transit, and some port projects that make the surface transportation system more resilient to natural hazards, extreme weather events, and other natural disasters.
- The FHWA and FTA Emergency Relief program currently provides only \$100 million per program each year nationwide for disaster recovery, which is clearly inadequate for the hundreds of disasters each year that run into billions of dollars in damages. At the same time, federal regulations require eligible projects to be ready for funding obligation within two years of the disaster event, even while these reconstruction projects increase in complexity each year. Future surface transportation legislation must continue and increase funding for these critical programs and provide flexible timelines to reach construction.
- AASHTO has called for Congress to increase Emergency Relief Program funding above the \$100 million currently authorized annually from the Highway Trust Fund in a way that does not take away funds that otherwise would be made available for surface transportation.

Congress should continue to support planning and project funding for programs that make our supply chains more resilient, diverse, and secure to ensure our economic prosperity, public health, and national security. Resiliency funding should be available for proactive projects with demonstrated benefits to protect critical infrastructure for both economic benefits and quality of life.

Congress should revisit whether the Buy America program is meeting its policy goals, especially in cases where the US DOT regularly issues waivers to states for products that are commercially unavailable for domestic purchase.

Congress should increase annual Emergency Relief program funding to a level that would cover the average actual disaster reimbursements made over the past 10-year period. Congress should also ensure that state and local governments are provided six years to obligate federal Emergency Relief funds, as called for in the Transportation Emergency Relief Extension Act (as introduced in the 119th Congress in S.2635 [Sen. Padilla] and H.R.4847 [Rep. Garamendi]).

3.3. TRAVELERS NEED TRANSPORTATION OPTIONS THAT ALLOW THEM TO FREELY CHOOSE THEIR PREFERRED MODE OF TRAVEL

Congress should support transportation networks that give travelers freedom of choice to move by foot, bike, road, rail, transit, and air in whatever way that best meets their needs.

California's multimodal transportation system is essential for economic competitiveness, environmental sustainability, and improving access to jobs and services for all residents. This system integrates various modes of transport, including public transportation, cycling, walking, passenger rail, and freight movement, to provide more transportation options, a more resilient supply chain, and an enhanced quality of life for Californians. It is essential to maintain investment in multimodal transportation across all sectors. Furthermore, future planning must prioritize coordination among various transportation modes to develop an integrated, efficient, and resilient system.

Over the next decade, California's four largest urban areas are planning to improve the management of the existing state highway system, significantly expanding their express lane networks, signaling a broader shift to more sustainable transportation options. Revenue from existing and future express lanes projects will support rail and transit projects to reduce traffic congestion and improve the movement of people, goods, and services.

Investing in active transportation also supports California's transportation goals while enhancing public health and quality of life. The state is committed to increasing walking and bicycling trips through the Active Transportation Program and supports these investments with federal, state, and local funding. These initiatives are vital for creating safer, healthier, and more sustainable communities through infrastructure like bike lanes

and pedestrian paths. However, California sees an ongoing need for more dedicated federal funding for this infrastructure, as the state's Active Transportation Program has received requests for more than \$2.3 billion in unfunded active transportation projects in its seventh cycle.

Federal support is also needed to sustain and expand rail infrastructure, including dedicated funding for capital improvements, safety upgrades, and corridor development. Stable, formula-based funding is critical for long-term rail planning and delivery and vital for reducing congestion, lowering emissions, and providing efficient travel options for residents and visitors alike.

- Public transportation in urban and rural areas is vital to our transportation system and essential to achieving our state's goals. These systems need more federal support, as the state has already identified an unmet 10-year need of at least \$350 billion for transit maintenance and improvements.
- The IIJA included \$200 million annually for the Active Transportation Infrastructure Investment Program (ATIIP), to provide competitive connectivity grants that strategically invest in projects connecting active transportation networks. This funding is necessary to empower communities to plan and construct safe routes to everyday destinations for millions of Americans who either do not have the option to drive or choose to walk, bike, and take transit.
- California's development of high-speed rail is a significant focus as the backbone of the state's passenger rail system. California emphasizes the need for continued federal support to develop a high-speed rail network as a key part of the state's transportation and environmental goals.

Congress should continue to maintain federal transit funding at or above the year five IIJA baseline, adjusted for inflation. Congress should also reject any proposals that would either eliminate the Mass Transit Account of the Highway Trust Fund or prohibit states from using highway formula funds for public transit.

Congress should continue and fully fund the ATIIP to provide baseline federal funding for active transportation projects. Congress should also increase funding for the HSIP and the STBGP, including proportionate growth in the Transportation Alternatives (STBG-TA) set-aside. Active transportation projects that improve safety, public health, and quality of life should also remain eligible for funding from the Highway Trust Fund.

Congress should continue to provide robust rail program funding at or above the year five IIJA baseline, adjusted for inflation. Congress should also establish a dedicated formula capital funding program for intercity passenger rail projects to improve and expand passenger rail service and maintain equipment.

4. TRANSPORTATION IS CHANGING AND FUTURE PROGRAMS MUST EMBRACE TRANSFORMATIVE TECHNOLOGIES AND PROCESSES

Congress should remove barriers to delivering projects, modernize outdated processes, and invest strategically in innovation.

In 2020, autonomous vehicles and artificial intelligence (AI) were still science fiction. Today, more than 2,500 driverless cars are operating on the streets of San Francisco and Los Angeles and ChatGPT receives more than 800 million users every week. As society changes, the transportation sector is also undergoing a technological transformation. Functions that once involved only basic incident monitoring have evolved into real-time, AI-powered network optimization and predictive operations. At the same time, diesel locomotives are being phased out for clean and modern electric trains.

California's leadership in transportation technology demonstrates the transformative potential of data-driven systems, automation, electrification, and advanced ITS. US DOT recognizes that states need broader authority to test, pilot, and scale emerging technologies like connected and autonomous vehicles (CAVs), integrated and automated multimodal ticketing platforms, AI-enabled operations, digital construction technologies—without overburdensome federal constraints.

However, these tools are still broadly untested and widespread use could risk introducing false, malicious, or biased content into the transportation system. While California seeks to use these technologies with appropriate guardrails, Congress should also direct US DOT to develop national guidance and upgrade infrastructure for automation, electrification, and secure digital connectivity.

Technology is not the only change on the horizon, as California has also been working to more quickly deliver transportation projects. Process improvements, such as reforms to environmental review and permitting, can reduce administrative delays and move projects from planning to completion quickly and efficiently. It is critical that California continue to have access to streamlined processes like National Environmental Policy Act (NEPA) assignment, and Congress should expand these efficiencies to other federal permitting processes and programs. California strongly supports efforts to streamline federal regulations to facilitate project delivery without diminishing environmental safeguards.

As transportation changes, states are encountering many opportunities to reuse transportation infrastructure for other purposes. Federal programs should capitalize on programs that allow adaptive reuse of land and facilities for purposes such as affordable housing, electricity generation, urban greening, and other beneficial uses.

California also recognizes that private sector capital and expertise can greatly contribute to transportation infrastructure through public-private partnerships. By offering reasonable investment returns, public agencies can partner with the private sector to develop, construct, and operate additional transportation projects to accelerate goods movement, improve air quality and facilitate California's economic development. We also believe that federal infrastructure investment should recognize and reward states like California that come to the table with new funding to support successful partnership with the federal government.

Congress should adopt a forward-leaning policy framework that removes structural barriers, modernizes outdated processes, and invests strategically in innovation to ensure the nation keeps pace with rapid technological change. Congress should also significantly bolster funding for research, development, demonstration, and deployment of advanced and emerging technologies, including CAV infrastructure, real-time data platforms, and digital mobility tools.

Congress should direct FHWA to develop guidance and provide administrative relief to state and local agencies to support the safe and productive reuse of transportation lands and facilities that are no longer needed because of changes in technology or processes.

Congress should invest in transformative public transportation systems, such as high-speed rail, by removing delivery barriers, modernizing outdated processes, and incentivizing innovation. Congress should incorporate equity guardrails into technology programs to guarantee that historically underserved communities realize the safety, mobility, and environmental benefits of innovation—not merely affluent or early-adopting regions.

Congress should mandate reforms to environmental review and permitting processes that reduce administrative delays and enable states to rapidly deploy emerging technologies. Congress should also expand programs and incentives that facilitate data sharing, joint initiatives, and cooperative project delivery between state and local governments and the private sector.

SIGNATORIES

In preparing for the reauthorization of the federal surface transportation legislation, California engaged a wide range of stakeholders, including regional agencies, local and tribal governments, industry partners, advocacy groups, and other non-traditional stakeholders. Further, Caltrans developed a statewide partner survey, a targeted Tribal Transportation survey, and presented at numerous stakeholder meetings—actively seeking feedback to ensure California's collective voice is heard and reflected in our reauthorization efforts. This process ensures the state's priorities are clearly represented in federal policy discussions, positioning California to effectively advocate for funding and programs that advance both state and national transportation goals.

NOTE: This page is reserved for organizations that have agreed to participate as signatories to the final document. To express interest in adding your organization as a signatory, please go to the [build.ca.gov](https://www.build.ca.gov) website and complete the online comment form or send an email with your organization's information to federal-liaison@dot.ca.gov

