STAFF REPORT

MEETING DATE:	**April 30, 2026**
SUBJECT:	**Receive a Legislative Update and Consider Taking Positions on Specific Legislation**
AGENDA ITEM:	**13**
STAFF CONTACT:	**Sean Tiedgen, AICP, Executive Director**

SUMMARY:

Staff monitor proposed state legislation each year to determine if proposed bills will help or hinder advancing the transportation goals of the region. Staff identified proposed bills of interest, presented them for discussion with SRTA's Fiscal & Policy Committee, and recommends that the board of directors' take specific positions on several bills and direct staff to take necessary actions in support of those positions during California's 2026 legislative year. Staff continue to track efforts for the next federal surface transportation reauthorization; however, no draft language has been prepared, and congressional House and Senate committees continue to delay any action. The existing federal transportation bill, Infrastructure Investment and Jobs Act (IIJA), ends September 30, 2026.

STAFF RECOMMENDATION:

It is recommended that the board of directors receive a legislative update and consider taking the following actions and positions on specific legislation:

1. Authorize the Chair to sign letters of support for Assembly Concurrent Resolution 162 (Gallagher) and *Assembly Bill (AB) 2679 (Hadwick)*; a "Support if Amended" letter for Senate Bill (SB) 1087 (Cabaldon); a "oppose unless amended" letter on SB 1423 (Stern); and an "oppose" letter on the proposed Sustainable Aviation Fuel Tax Credit; and
2. Authorize the executive director to take any other necessary action in support of the above recommendations and report back to the board of directors as applicable.

BACKGROUND:

California is in the second year of the two-year 2025-2026 legislative cycle. New bills for the year were due February 20, 2026, in order to be considered. However, state law allows state assemblymembers or senators to introduce "gut and amend" bills that may require prompt action by SRTA. The Executive Director and staff have been tracking bills that could impact advancing the transportation goals of the region or impact the agency in general. Staff identified three bills for a 'support' position and one for an 'oppose' position for consideration.

1. **Assembly Concurrent Resolution 162 (ACR 162) (Gallagher) – Congressman Doug Lamalfa Memorial Highway.** This measure proposes designating a portion of State Route 99 in Butte County as the Congressman Doug LaMalfa Memorial Highway and direct Caltrans to determine costs for signage, receive donations to cover costs, and install signage when fully funded.

   Staff evaluation: Congressman LaMalfa served the North State, including Shasta County, starting in 2002 as both a state assembly member and state senator before serving as congressman for California's First Congressional District from 2013 until 2026. He was a strong advocate for the North State supporting many projects, including most recently securing federal funding for the Fix 5 Cascade Gateway project. ***Recommended position: Support.***

2. ***Assembly Bill (SB) 2679 (Hadwick) – Road Maintenance and Rehabilitation Program: State Highway Account Loans: cities.*** *This bill would allow cities receiving less than $200,000 annually by formula from the SB1 Road Maintenance and Rehabilitation Account to request advanced SB1 funds, as a "loan," to use toward a city transportation project and reimburse advanced funds with future RMRA apportionments (as amended April 13, 2026).*

   <u>Staff evaluation:</u> *This bill was recently amended and differs from originally requesting that a minimum of $200,000 be provided to all cities, regardless of size. Staff saw the original bills as a benefit to provide ongoing consistent funding for small cities, whose formula allocations can vary widely from year to year. Staff is working on reaching out to legislative staff regarding the change to determine a recommended position.* ***Recommended position: TBD.***

3. **Sustainable Aviation Fuel Tax Credit.** This is an item currently proposed in the Governor's FY 2026/27 budget proposal. It proposes to provide a state tax credit to fuel producers depending on how much alternative jet fuel they sell starting November 2027 through 2035.

   <u>Staff evaluation:</u> While encouraging the private sector to find ways to make jet fuel cleaner is a positive, it should not come at the expense of reducing funding from existing key transportation funding programs. The tax credit will be provided by annually reducing funding to key transportation programs as outlined below. ***(Recommended position: Oppose)***

   a. ***State Highway Operations and Protection Program (SHOPP)*** – Provides funding to Caltrans for maintaining our highway infrastructure including reconstruction, rehabilitation, and safety projects. $70 million reduction annually.
   b. ***Local Streets and Roads***: Provides formula funding to cities and counties for local road maintenance under. $49 million reduction annually.
   c. ***Trade Corridor Enhancement Program (TCEP)***: provides funding for freight corridor infrastructure projects. $46 million reduction annually.

4. **SB 1423 (Stern) – Transportation funding: State Transportation Improvement Program: Active Transportation Program.** This bill proposes several changes to statewide programs including:
   - Requiring at least 50% of all State Transportation Improvement Program (STIP) funds be programmed for "safe streets projects" that are located in "transit-oriented development zones" that lack pedestrian safety and mobility access.
   - Rename the state's Active Transportation Program (ATP) to the "Safe Streets Program," require the program to include selection criteria related to transit-oriented development zones, and removes requirement to provide detailed engineering drawings with an initial application for funds while instead requiring engineering drawings at a later point for a final application.

   <u>Staff evaluation:</u> This bill provides a "mixed bag" approach to revising state programs, with the following impacts identified by program (***Recommended position: Oppose unless amended***):
   - ***Active Transportation Program*** – The ATP is a biennial program of projects to support increasing safety and mobility for non-motorized users, increase the number of trips accomplished by walking and biking, enhance public health, and other state, regional, and local goals. Staff has no opinion on the program name change. However, the proposed change to not require detailed engineering drawings with the initial project application, but at a later date if projects are selected for funding, provides an economical approach to allowing cities and

counties the flexibility to provide projects that are context sensitive while not unnecessarily spending funds upfront on projects not selected.

- ***State Transportation Improvement Program*** – The STIP is a biennial program of capital projects that improve transportation facilities including state highways, local roads, public transit, intercity rail, pedestrian and bicycle facilities, grade separation projects, sound walls, transportation technologies, intermodal facilities, and safety. This program provides flexibility for MPOs and RTPAs to work with Caltrans Districts, local agencies, and regional partners on projects that address regional transportation needs. For many regional agencies, including SRTA, it is one of the only flexible capital funding programs provided to address regional needs. For bike and pedestrian facilities, the STIP already allows regions to fund projects that are context sensitive to regional or local needs as long as they meet federal State Highway Account eligibility criteria.

  As proposed, this bill severely restricts the ability for MPOs, RTPAs, and Caltrans to address regional transportation needs with STIP funds. The proposed "transit-oriented development zones" definition ties to a 2025 housing bill (SB 79) that narrowly applies to only the most urban areas of California. This would restrict MPOs and RTPAs in rural and small-urban regions from being able to program 50% of each STIP allocation, requiring regions to wait additional STIP cycles to fund a project or project phase, and hinder the ability to partner with Caltrans. It would delay addressing safety needs, operational improvements, or the rehabilitation or replacement of key infrastructure and may result in projects costing more due to these delays.

5. **SB 1087 (Cabaldon) – Transportation planning: sustainable communities strategies: transportation funding programs***.* This bill proposes reforms to SB 375 (the Sustainable Communities and Climate Protection Act) as well as other statewide activities to better align statewide and regional planning efforts. It was recently discussed at the Senate Environmental Quality Committee where additional changes were requested. A summary of the bill, including Senate Committee input, is provided below:
   - The sustainable communities strategy (SCS) portion of the regional transportation plan (RTP) would be updated every eight years instead of four years, starting with the first or second RTP prepared after January 1, 2027.
   - Requires a new SCS implementation report to be prepared every other RTP cycle.
   - Changes the greenhouse gas emissions (GHG) target from being focused on passenger/light-duty vehicles to being all on-road transportation vehicles. Requires the Air Resources Board (ARB) to prepare an updated GHG reduction target for 2035 for MPO regions; requires the new target to reflect the combined effect of policies, regulations, and investments to improve fleet efficiency and be based on what is achievable for the region. ***(Senate environmental committee requested a 2045 target year be added.)***
   - Creates more oversight and accountability of ARB including: Creation of an oversight Regional Targets Advisory Committee to review ARB's factors and methodologies; requires ARB to provide all assumptions for a 60-day public review period before draft regional GHG targets are prepared and released; requires ARB to conduct public workshops within each region; and eliminates ARB's ability to update targets every four years.
   - Transfers the review of a region's SCS technical methodology from ARB to the California Transportation Commission (CTC); Requires the CTC to consult with ARB regarding the development of the technical methodology guidelines; requires the CTC to review the ability of a region's final RTP/SCS to achieve the region's GHG reduction target within 60 days, otherwise

the RTP/SCS is determined "approved and complete." ***(Senate environmental committee disagreed and requested changes from Senator Cabaldon to keep CARB as lead.)***

- Exempts the RTP/SCS from CEQA. ***(Senate environmental committee requested this change.)***
- Requires the CTC and Caltrans to consult with MPOs and regional transportation planning agencies in development of the State Highway Operations and Protection Program (SHOPP) where "regionally significant projects" are proposed for funding, to ensure the timing, phasing, and scope of projects included in the RTP/SCS are aligned.
- Removes the requirement for projects to be part of a comprehensive multimodal corridor plan in order to be eligible for Solutions for Congested Corridors Program funding and requires the CTC to consult MPO/RTPAs on if a proposed project is consistent with the RTP/SCS.

Staff evaluation: Overall, the proposed changes would benefit regions by removing very tedious RTP/SCS review processes by ARB while requiring greater oversight and transparency by ARB; updating current legislation to ensure a quick and timely review of an MPOs RTP/SCS otherwise the plan is accepted as submitted; allowing the regional targets to reflect all on-road transportation vehicles and allows regions to take credit for various strategies; providing a way for the RTP/SCS to be exempt from CEQA; and ensures greater alignment between state and regional priorities in the planning, programming, and funding of transportation improvements. However, current requested amendments by the Senate environmental committee would not move more appropriate duties from ARB to the CTC, which MPOs have been clear is needed. ***Recommended position: Support Unless Amended.***

ALTERNATIVES:
The board of directors may take different stances on the items presented today. The board of directors may direct the executive director to submit letters on bills based on the board's position or could direct the executive director to work with the Chair or Fiscal & Policy Committee on submitting letters on new topics, if needed, and report back to the board in June.

FISCAL AND POLICY COMMITTEE:
Staff discussed the proposed bills with the Fiscal & Policy Committee on April 20, 2026.

OTHER AGENCY INVOLVEMENT:
Staff participated in statewide meetings, provided input to legislative staff, and held discussions with CalCOG member regional agencies and local agencies regarding the proposed bills. Staff provided updates to the Technical Advisory Committee (TAC) on April 15, 2026.

FISCAL IMPACT:
There is no direct fiscal impact related to this item.

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Sean Tiedgen, AICP, Executive Director

Attachments:

A. Letter of Support – ACR 162
B. Letter of *[TBD]*– AB 2679 *(not available)*
C. Letter of Oppose – Sustainable Aviation Fuel Tax Credit
D. Letter of Oppose Unless Amended – SB 1423
E. CalCOG SB 1087 analysis table (as of 4/10/2026)

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Sean Tiedgen, AICP, Executive Director

April 30, 2026

Assemblyman James Gallagher
10th and O Street – Room 4730
PO Box 942849
Sacramento, CA 94249

Re: Assembly Concurrent Resolution 162 (Galllagher): Congressman Doug LaMalfa Memorial Highway

Dear Mr. Gallagher:

The Shasta Regional Transportation Agency (SRTA) is the metropolitan planning organization (MPO) and regional transportation planning agency (RTPA) for all of Shasta County. SRTA conducts regional transportation planning activities focused on maintaining and improving the region's transportation systems for all users, of all abilities, and all modes of transportation. Our board of directors is composed of elected officials from the region's cities, county, and public transit agency. ***We, the SRTA Board of Directors, write to inform you of our support for Assembly Concurrent Resolution (ACR) 162*** , which proposes to designate a portion of State Route 299 in Butte County as the "Congressman Doug LaMalfa Memorial Highway."

From 2002 to 2026, Mr. LaMalfa represented cities, counties, and regions across Northern California at both the state and federal level, advocating for policies, programs, and funding that supported rural values and priorities. This included building and maintaining a safe and efficient transportation system that supported freight and goods movement including agriculture, transportation services for low-income families, seniors, veterans, active transportation, and infrastructure investments. These efforts included protecting local state transportation dollars from being diverted by California legislators and support for funding projects such as State Route 44 "Dana to Downtown"; Interstate 5 improvement projects including the Union Pacific Bridge Replacement, the North Redding Six-Lane, and most recently the Fix 5 Cascade Gateway; and ShastaConnect Sunday transit services for our rural communities.

Thank you for your effort is honoring Mr. LaMalfa and his legacy in supporting rural communities across the North State. Should you have any questions on this letter, please contact Executive Director Sean Tiedgen at stiedgen@srta.ca.gov or (530) 262-6190.

Sincerely,

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Kevin Crye, Chair
Shasta Regional Transportation Agency (MPO)

cc: Senator Megan Dahle, Senate District 1
Assemblymember Heather Hadwick, Assembly District 1

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Sean Tiedgen, AICP, Executive Director

April 30, 2026

Senator Megan Dahle/Assemblymember Heather Hadwick
[address]
Sacramento, CA 95814

Re: Proposed Sustainable Aviation Fuel Tax Credit. <u>(Oppose)</u>

Dear Senator Dahle/Assemblymember Hadwick:

The Shasta Regional Transportation Agency (SRTA) serves as the metropolitan planning organizations (MPO) and regional transportation planning agency (RTPA) for all of Shasta County. Our board of directors is composed of elected officials from the cities of Anderson, Redding, and Shasta Lake, county of Shasta, and the Redding Area Bus Authority. ***The SRTA Board of Directors writes to inform you of our opposition to passage of the Sustainable Aviation Fuel (SAF) Tax Credit as proposed in the Governor's FY 2026/27 budget bill*** as it would undermine existing transportation funding programs that we rely on to fund highway, streets, and roads infrastructure.

SRTA conducts regional transportation planning activities focused on maintaining and improving the region's transportation systems for all users, of all abilities, and all modes of transportation. SRTA partners with federal, state, tribal, and local governments to secure funding for projects that address regional needs including highway rehabilitation, reconstruction and safety; goods movement; road and bridge maintenance; active transportation; and public transit. The proposed SAF tax credit would undercut existing funding programs to address these needs. It would take funding from programs that support critical maintenance of our roadway infrastructure including the Local Streets and Roads program, State Highway Operations and Protection Program (SHOPP), and Trade Corridor Enhancement Program (TCEP).

As stated by the non-partisan Legislative Analysts Office, "the tax credit would lead to foregone diesel excise tax revenue of as much as $165 million in 2027-2028, potentially climbing to $300 million annually in the long run." This would undermine the ability of Caltrans, regions, counties, and cities to address critical transportation needs today and in the near future. All while potentially experiencing a $31.1 billion shortfall in transportation funding due to the estimated decline of fuel consumption by 2035, according to the California Transportation Commission's 2025 State and Local Transportation Needs Assessment.

We appreciate the Governor's desire to encourage private sector investment in sustainable aviation fuel that may result in cleaner air and environment, however, it can't come at the cost of pulling funding from critical transportation infrastructure. Therefore, the Shasta Regional Transportation Agency urges you not to support the Sustainable Aviation Fuel Tax Credit as proposed.

Thank you for your consideration. Should you have any questions on our position on this matter, please contact Executive Director Sean Tiedgen at stiedgen@srta.ca.gov or (530) 262-6190.

Sincerely,

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Kevin Crye, Chair
Shasta Regional Transportation Agency (MPO)

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Sean Tiedgen, AICP, Executive Director

April 30, 2026

Senator Henry Stern
1021 O Street, Suite 7710
Sacramento, CA 95814

Re: SB 1423 (Stern) Transportation funding: State Transportation Improvement Program: Active Transportation Program. As amended on March 25, 2026. **(Oppose)**

Dear Senator Stern:

The Shasta Regional Transportation Agency (SRTA) is one of California's eighteen metropolitan planning organizations (MPO) and serves as the regional transportation planning agency (RTPA) for all of Shasta County. Our board of directors is composed of elected officials from the region's cities, county, and public transit agency. SRTA conducts regional transportation planning activities focused on maintaining and improving the region's transportation systems for all users, of all abilities, and all modes of transportation. SRTA is responsible for programming regional Surface Transportation Improvement Program (STIP) dollars for capital improvement projects that ensure a safe and efficient transportation system. Funding is provided every two years and the SRTA Board of Directors must determine how best to allocate funds for current or future project needs in the region. SRTA often uses a portion of STIP funds to support active transportation projects that are context sensitive to the needs of our local communities. ***We write to inform you of our opposition to Senate Bill (AB) 1423*** on behalf of the Shasta Region.

While we appreciate the bill's author in desiring to update the state's Active Transportation Program guidelines to provide more flexibility and to make modifications to the STIP, we have significant concerns with the proposed legislation as outlined below:

1. **It would severely restrict, erode, and undermine the ability of MPOs and RTPAs in funding transportation projects in their regions through the STIP and achieve the goals of their Regional Transportation Plans.** – The bill, as presented, would require regions to allocate fifty percent (50%) of STIP funds towards "safe street projects." This is contradictory to the flexibility that the STIP provides for regions in funding capital projects to address regional needs including: improving state highways, local roads, public transit (including buses), intercity rail, pedestrian and bicycle facilities, grade separations, transportation system management projects, transportation demand management projects, sounds walls, intermodal facilities, and safety projects. All of which are eligible STIP project categories.

   Many regions rely on multiple STIP cycles in order to work with city, tribal, or Caltrans district partners to provide the regional agency's match for constructing just 1-2 projects to address transportation needs. For example, SRTA, on average, receives \$3-\$4 million each STIP cycle. Often, SRTA has had to combine 2 (or more) STIP programming cycles to provide the necessary regional match to an important highway, bridge, or road project. By restricting 50% of program funds to just "safe streets projects," this bill would require regions to wait additional STIP cycles to fund a project. Thereby causing projects to cost more due to inappropriate legislatively-caused delays. Additionally, it undercuts the ability of MPOs to fund projects that are key to achieving the goals of the region's SB 375 Sustainable Communities Strategies.

2. **The "transit oriented zones" and "transit oriented development stops" definitions applied to the STIP is too narrow and too broadly applied, creating a one-size-fits-all approach that ignores regional differences.** – This bill proposes to use definitions under SB 79, the Abundant and Affordable Homes Near Transit Act, that narrowly apply to only the most urban regions of California (e.g., Los Angeles, Bay Area, San Diego, and Sacramento) that have very high frequency rail, bus, and ferry service. As such, this bill attempts to apply requirements for spending STIP funds that a majority of regions and counties in California simply cannot meet because they do not have any applicable services. It therefore, undercuts the ability for regional agencies to fund projects that would otherwise address federal and state safety, bridge, pavement, active transportation, travel time reliability, and transit-related performance goals.

3. **The bill would restrict the ability of Caltrans to use the Interregional Transportation Improvement Program (ITIP) to address interregional transportation needs by creating conflicting requirements.** – The ITIP is used by Caltrans to improve the movement of people and goods by improving state highways, intercity passenger rail, and the interregional movement of people, vehicles, and goods. This is key to address transportation issues across two or more regions. Additionally, the program requires 60% of the ITIP be used to support projects outside regional areas and 40% for anywhere in the state. Due to this existing split of funding for the ITIP SB 1423 would create conflicting requirements that could not be met, therefore preventing Caltrans from using the full capacity of the ITIP to meet statewide and regional transportation needs.

4. **Proposed amendments to the state Active Transportation Program (ATP), while potentially positive, may have unintended financial impacts to lead agencies and lengthens review of projects in an already tight evaluation and funding award schedule.** – The bill proposes changes to the ATP guidelines that would require less detailed engineering drawings with initial applications, require evaluators to determine if applications meet ATP guidelines, and then require a more final application including engineering plans. The evaluation of ATP applications is a rigorous process carried out by staff at the California Transportation Commission (CTC), Caltrans, as well as regional and local agencies to assist in peer evaluation of applications using criteria provided by the CTC. This evaluation period covers several months with training for all evaluators. While the proposed changes may lesson efforts by lead agencies at the beginning it would also extend the evaluation period for applications. Additionally, input from local agencies in our region suggest that this would disrupt workflows for other public works projects and may underestimate that actual funding need for projects. They would prefer to be strategic in their applications and take the effort up front.

For these reasons, the Shasta Regional Transportation Agency urges a "No" vote on SB 1423. Thank you for your consideration. Should you have any questions on our position on this matter, please contact Executive Director Sean Tiedgen at stiedgen@srta.ca.gov or (530) 262-6190.

Sincerely,

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Kevin Crye, Chair
Shasta Regional Transportation Agency (MPO)

cc: Senator Brian W. Jones, Vice-Chair, Senate Appropriations Committee
Members and staff, Senate Appropriations Committee
Senator Megan Dahle, Senate District 1
Assemblymember Heather Hadwick, Assembly District 1

D. Summary of Amendments Taken in Environmental Quality Committee

The Committee Analysis of the Environmental Quality Committee is published. It recommends a number of amendments. Here is a summary of the major committee recommended amendments.

- Adds a new target year, 2045 thereby requiring ARB to set targets for 2035 and 2045.
- Eliminates the proposed role for the California Transportation Commission to review the GHG reduction methodology development and SCS.
- Eliminate the proposed additional "enhanced public outreach" that was incorporated in the bill in connection with exempting the SCS from CEQA, and simply exempt the SCS process from CEQA.

Topic	Current law	SB 1087	Committee amendment / issue
SCS cycle	4 year SCS with each RTP	Eight-year SCS in every second RTP; New implementation report in intervening RTP cycle.	No objection: implementation reports should be standardized.
Target horizon	2020 and 2035 targets for autos/light trucks.	Recasts target-setting around a 2035 target for all on-road transportation sectors.	**Adds 2045 target year**
Target-setting process	CARB sets and updates targets with consultation.	Adds RTAC, methodology publication, more consultation, public workshops, and hearings.	Keep key factors but retain CARB discretion.
Technical methodology and plan review	CARB does GHG-review.	CTC would adopt SCS guidelines with CARB, review methodologies, and review SCS/APS.	**Amends to preserve CARB's lead role.**
APS	Required if SCS cannot achieve targets; separate document	APS no longer separate; must include analysis of alternative development pattern and, if needed, additional infrastructure, measures, or policies.	No objection.
CEQA	RTP/SCS/APS generally remain subject to CEQA.	Exempts preparation and adoption of RTPs, SCSs, and APSs if "enhanced public outreach" occurs.	**Amends: direct exemption rather than conditioning it on vague enhanced-outreach.**
SB 1 local planning grants	RMRA planning grants further general state goals.	Expands grants to support SCS goals and allocates funds to specified entities by population share.	No objection noted;
SCCP eligibility and nomination	Projects must satisfy existing SCCP criteria, including corridor-plan; MPO-area projects tied to RTP/SCS.	Removes corridor plan; projects support RTP; determination that project matches RTP phasing, timing, and scope.	No objection Technical amendment
SHOPP alignment	n/a.	Adds coordination language to align regionally significant SHOPP projects with RTP timing, phasing, and scope.	No objection Technical amendment