# STAFF REPORT

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| **MEETING DATE:** | **April 30, 2026** |
| **SUBJECT:** | **Receive a Legislative Update and Consider Taking Positions on Specific Legislation** |
| **AGENDA ITEM:** | **14** |
| **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, congressional House and Senate committees have prepared no draft language to review.


**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 a "support" letter for Assembly Concurrent Resolution 162 (Gallagher) to support designation of a portion of highway in Butte County as the "Doug LaMalfa Memorial Highway;"
2. Authorize the Chair to sign a "oppose" letter on the proposed Sustainable Aviation Fuel Tax Credit;
3. Take a "Support if Amended" position on Senate Bill (SB) 1087 (Cabaldon) and direct the Executive Director and board member Audette to work with CalCOG members and other agencies on submitting comments or letters, as necessary, based on agreed principles outlined below; and
4. Authorize the executive director to take any other necessary action in support of the above recommendations and report back to the board of directors at the June meeting.

**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 has been tracking bills that could impact advancing the transportation goals of the region or the agency in general. Staff identified several bills to take a position on currently and are tracking other efforts for possible action by the board at the June meeting. Below is a summary of current actions proposed by the Executive Director:

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 transportation efforts, including most recently securing federal funding for the Fix 5 Cascade Gateway project. ***Recommended position: Support. The Fiscal & Policy Committee concurred.***

2. **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 jet fuel producers depending on how much alternative jet fuel they sell starting November 2027 through 2035.

   **Staff evaluation:** While encouraging the private sector to find ways to make jet fuel cleaner can have positive impacts, it should not come at the expense of reducing funding from existing transportation funding programs that cities, counties, regions, and Caltrans have relied on annually. There are concerns that the proposed approach for a special aviation blend may create an undue burden and be more costly in the end. The Legislative Analyst Office's (LAO) report[1] stated that the "proposal represents a relatively expensive approach" to reducing aviation-related emissions. The LAO also stated the proposed credit would initially reduce funding to three transportation programs (see below) by $165 million annually but could reach $300 million by 2035. ***(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.

3. **SB 1087 (Cabaldon) – Transportation planning: sustainable communities strategies: transportation funding programs***.* This bill proposes to modernize SB 375 (the Sustainable Communities and Climate Protection Act) by streamlining MPO planning efforts, reducing CEQA requirements, expanding funding eligibility under SB competitive programs, and requiring greater oversight and accountability of the California Air Resources Board (CARB) efforts related to the SCS planning process and greenhouse gas (GHG) target setting. The bill has made its way through California's Senate Environmental and Transportation Committees. A summary analysis of the bill and CalCOG's review of bill components is attached (Attachment C). Staff will present what the bill does and does not do and present a recommended position to take on the various bill components.
   **a. What the bill does:** The bill proposes changes to California's Sustainable Communities Strategy (SCS) framework, as outlined under SB 375, that requires MPOs to undertake planning efforts to plan and implement strategies aimed at reducing GHG emissions. It removes burdensome administrative and environmental activities, better aligns SCS planning efforts with the timeframe expected for projects to be implemented, increases eligibility for the SB1 Solutions for Congest Corridors grant program, and puts greater accountability and transparency requirements on CARB.
   **b. What the bill does not do:** The bill is not designed to change statewide GHG targets.
   c. **Bill elements proposed for support:**
      i. Move the technical SCS process from a 4-year cycle to 8-year cycle and require MPOs to prove a mid-cycle progress report *(Note – SRTA already does a progress report)*.
      ii. Exempts the Regional Transportation Plan and Sustainable Communities Strategy from the California Environmental Quality Act (CEQA). Lead agencies still must conduct CEQA when they go to build transportation projects.
      iii. Change the GHG reduction target from passenger/light-duty vehicles to all vehicles. Require CARB to update the 2035 GHG reduction targets to reflect this with a more public and transparent process, including considering all combined effects of policies,

[1] https://lao.ca.gov/reports/2026/5139/2026-27_Governors_Sustainable_Aviation_Fuel_Tax_Credit_Proposal_022426.pdf

regulations, and investments at the local, regional, and state level, and be based on "what is achievable for the region" rather than "ambitious, yet achievable).

iv. Updates regulations to limit SCS acceptance to "Approved," "Conditionally Approved" or "Not Approved" and deems an MPO RTP/SCS automatically "Approved" if no action taken within 60 days.

v. New CARB oversight requirements, including:

1. Creation of a Regional Targets Advisory Group to review CARB's data, assumptions, and evaluation of other state policies and programs factored into GHG targets.
2. Requires CARB to publish and provide for public review all methodologies and assumptions used as part of their GHG target setting process at least 60 days before draft GHG reduction targets are published.
3. Must hold regional public workshops and public hearings before adopting any GHG reduction targets or amendments.

**d. Bill elements to seek further change:**

i. Adds a 2045 GHG target year for the SCS planning process.

ii. Move SCS technical methodology development and review from CARB to the California Transportation Commission.

**e. Bill elements needing further review:**

i. Remove requirement to have a Comprehensive Multimodal Corridor Plan in order to be eligible for Solutions for Congested Corridors program funds and requires MPO/RTPA concurrence that proposed project is consistent with the RTP.

ii. Requiring Caltrans SHOPP projects be aligned with an MPOs RTP.

**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.

**Sean Tiedgen, AICP, Executive Director**

**Attachments:**

**A.** Letter of Support – ACR 162
**B.** Letter of Opposition – Sustainable Aviation Fuel Tax Credit
**C.** SB 1087 analysis summary and CalCOG review of bill components (as of 4/24/2026)

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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 (Gallagher): 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, and veterans, active transportation, and various infrastructure investments. These efforts included protecting local state transportation dollars from being diverted by prior 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 in 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,

____________________________________
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

Assemblymember Heather Hadwick
1021 O Street, Suite 5710
PO Box 942849
Sacramento, CA 94249-0001

Senator Megan Dahle
1021 O Street, Room 7230
Sacramento, CA 95814

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

Dear Assemblymember Hadwick and Senator Dahle:

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 our cities, county, region, and Caltrans rely on to fund highway, streets, and roads infrastructure critical to ensuring a safe and efficient transportation system.***

SRTA conducts regional transportation planning efforts 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 transportation funding to address these needs by taking 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). The benefit of these programs and the negative funding impact are summarized below:

- ***State Highway Operations and Protection Program (SHOPP)*** – Provides funding to Caltrans for maintaining our highway infrastructure including reconstruction, rehabilitation, and safety projects. Proposed $70 million reduction annually.

- ***Local Streets and Roads***: Provides formula funding to cities and counties for local road maintenance under. Proposed $49 million reduction annually.
- ***Trade Corridor Enhancement Program (TCEP)***: provides funding for freight corridor infrastructure projects. Proposed $46 million reduction annually.

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."[1] This would undermine the ability of Caltrans, regions, counties, and cities to address critical transportation needs today and in the near future. All while there are concerns the state may experience a $31.1 billion shortfall in future 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.[2]

Second, there are concerns that the proposed approach for a special aviation blend may create an undue burden and be more costly in the end. In the Legislative Analyst Office's report, they concluded that aircraft produce a relatively small share of state transportation emissions (1% or less) and that the "[Governor's] proposal represents a relatively expensive approach" to reducing aviation-related emissions.

Lastly, the proposal ignores California voter's desire to ensure that diesel fuel tax revenues are used specifically for the maintenance, operations, and improvement of our streets, highways, and bridge infrastructure, as well as transit services and active transportation. In 2018, Californian's overwhelmingly passed Proposition 69, which amended the State Constitution to require diesel fuel sales tax and other transportation improvement fees be used only for transportation purposes.

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 should not come at the cost of not funding critical transportation infrastructure. Therefore, the Shasta Regional Transportation Agency urges you not to support the Sustainable Aviation Fuel Tax Credit.

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)

[1] https://lao.ca.gov/reports/2026/5139/2026-27_Governors_Sustainable_Aviation_Fuel_Tax_Credit_Proposal_022426.pdf

[2] https://catc.ca.gov/-/media/ctc-media/documents/programs/sb1121/2025/2025-state-and-local-transportation-system-needs-assessment-report-5-12-2025-a11y.pdf

# SB 1087 – Sustainable Communities Strategy Modernization Act

## IN BRIEF

SB 1087 modernizes the SB 375 (Steinberg, 2008) framework for regional climate, land use and transportation planning by streamlining the Sustainable Communities Strategy (SCS) planning process, strengthening alignment between state funding and regional plans, reforming CARB's SCS review process with clear timelines and requirements, and improving the transparency and credibility of greenhouse gas reduction targets.

## BACKGROUND

SB 375 (Steinberg, 2008) was a landmark law requiring California's metropolitan planning organizations (MPOs) to develop SCS, integrated land use and transportation plans designed to reduce greenhouse gas (GHG) emissions from cars and light trucks. The law required the California Air Resources Board (CARB) to set regional GHG reduction targets and authorized CARB to review and accept or reject MPO-submitted strategies. The law was subsequently amended to integrate Regional Housing Needs Assessment forecasts.

SB 743 (Steinberg, 2013) built on this foundation by reforming how transportation impacts are evaluated under CEQA, replacing level of service, a measure of traffic congestion, with vehicle miles traveled as the standard metric.

In nearly two decades since SB 375 was enacted, California's climate, housing and transportation landscape have changed significantly. The state's vehicle fleet has grown dramatically cleaner through regulations and incentives. MPOs have developed sophisticated planning processes but devote enormous staff time and resources to modeling exercises and CARB review rather than implementation. State funding programs have not been effectively aligned with regional sustainable communities strategies, limiting their impact.

## THE ISSUE

Since September 2025, a working group of environmental, industry, and government stakeholders has been meeting to review the proposals in SB 1087 and consider related reforms to California's regional planning framework. That process has identified five core problems:

1. **Insufficient climate progress:** SCSs have fallen short of the emissions reductions that SB 375 was designed to deliver. This is true across regions and isn't a "bad actor" phenomenon.

2. **Process over implementation:** MPOs spend millions of dollars and years of staff capacity navigating CARB's technical review process, time and money that could be better spent delivering the projects and programs that reduce emissions. The four-year update cycle compounds this burden, leaving little bandwidth for implementation.

3. **Misaligned state funding:** Despite the billions of dollars the state invests annually in transportation and housing, key state funding decisions remain inconsistent with regional SCSs or actively undermine them. Programs like Solutions for Congested Corridors and State Highway Operation and Protection Program (SHOPP) lack meaningful requirements to align with regional plans.

4. **Targets that don't reflect reality:** CARB's modeling assumptions diverge from actual conditions, particularly by failing to reflect policies at all levels of government that are reducing vehicle emissions. This makes plans harder to explain, breeds skepticism among policymakers and the public about the SCS's accuracy and discourages regions from investing in new vehicle technology that reduces greenhouse gas emissions.

5. **Project-level VMT mitigation:** Requiring individual projects to mitigate VMT on their own and out of context of SCSs can impose heavy costs without meaningful climate benefit. Resources spent on project-level mitigation are resources not spent building the infill and transit-oriented development that could change how people get around.

## THE SOLUTION

SB 1087 addresses these problems through three interconnected reforms:

1. **Focus on Implementation**
   - Extends the SCS planning cycle from four to eight years (with a midpoint progress report), freeing up MPO staff capacity for on-the-ground implementation.
   - Aligns the $250 million Solutions for Congested Corridors program with regional transportation plans, prioritizing near-term projects that help regions hit their 2035 GHG targets, and eliminates the duplicative Comprehensive Multimodal Corridor Plan requirement.
   - Requires SHOPP projects to be included in an SCS.
   - Exempts SCS plans from CEQA at the plan preparation and adoption stage, while preserving project-level environmental review.

**2. A More Balanced Set of Goals**
   - Establishes a new advisory body of practitioners and policy experts to examine how GHG reduction targets interact with other state priorities, including fair housing, affordability, resilience, economic vitality, and land conservation, and develop recommendations for balancing them.
   - Leverages the California Transportation Commission to collaborate with CARB in developing SCS guidelines and technical methodologies, while CARB retains full responsibility for setting GHG reduction targets and reviewing whether a region's SCS meets those targets.
   - Establishes a structured 60-day CARB review process with clear outcomes: Approved, Conditionally Approved, or Not Approved — with a "deemed approved" default if CARB does not act within 60 days.

**3. Targets That Earn Trust**
   - Expands GHG targets to cover all on-road transportation and requires them to consider policies, regulations, and investments from all levels of government — including fleet efficiency improvements already underway from state regulations.
   - Requires targets to be grounded in what is achievable for each region, accounting for existing conditions, exogenous factors, and financial constraints, while preserving CARB's ability to set forward-looking, ambitious targets.
   - Requires MPOs to use the same air quality model for SCS analysis as for federal air quality conformity determinations.
   - Mandates that CARB publishes its methodology, fleet assumptions, and budget assumptions at least 60 days before releasing draft targets and hold regional public workshops and public hearings before adoption.
   - Directs CARB to set additional regional GHG emission reduction targets for 2045, aligning the SCS planning framework with California's long-term carbon neutrality goals.

## IN CONCLUSION

SB 1087 is a comprehensive modernization of California's landmark SB 375 framework, aimed at making regional climate, housing, and transportation planning more effective, credible, and actionable. By shifting MPO resources away from burdensome regulatory review cycles and toward on-the-ground implementation, aligning state funding with regional sustainable communities strategies, and grounding greenhouse gas reduction targets in real-world conditions, the bill seeks to accelerate California's progress on climate goals without sacrificing housing, equity, or economic priorities.

The SB 1087 multistakeholder working group is continuing to address both the VMT mitigation burden on housing and infrastructure projects and the environmental community's concerns about target integrity and SCS implementation accountability.

Ultimately, SB 1087's purpose is to ensure that the state's integrated land use and transportation planning system delivers measurable emissions reductions while building more livable, connected, and resilient communities across California's diverse regions.

**SUPPORT**

- Metropolitan Transportation Commission-Association of Bay Area Governments (MTC-ABAG) *(Co-Sponsor)*
- Sacramento Area Council of Governments (SACOG) *(Co-Sponsor)*
- San Diego Association of Governments (SANDAG) *(Co-Sponsor)*
- Southern California Association of Governments (SCAG) *(Co-Sponsor)*
- California Asian Pacific Chamber of Commerce
- California Association of Councils of Governments (CALCOG)
- City of Elk Grove
- City of Sacramento
- City of San José
- Councilmember Jill Gayaldo, Rocklin City Council
- Councilwomen Alice Dowdin Calvillo, City of Auburn
- County of Sacramento
- El Dorado County Transportation Commission
- Placer County Transportation Planning Agency
- Sacramento Metropolitan Air Quality Management District (Sac Metro Air District)
- Sacramento Metro Chamber
- Sonoma County Transportation and Climate Authorities (SCTCA)
- South Bay Cities Council of Governments (SBCCOG)
- Supervisor Brian Veerkamp, County of El Dorado
- Valley Vision

**FOR MORE INFORMATION**

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## 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 |
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| **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<br>Technical amendment |
| **SHOPP alignment** | n/a. | Adds coordination language to align regionally significant SHOPP projects with RTP timing, phasing, and scope. | No objection<br>Technical amendment |