# Transportation Funding in California

Caltrans

**Economic Analysis Branch**
**Division of Transportation Planning**
**California Department of Transportation**

**2008**

# Transportation Funding in California

## 2008

The attached charts have been prepared as visual aids to show the sources and distribution of transportation funds in California. The dollar amounts, when readily available, have been provided to show the relative magnitudes of different programs. They are not necessarily official figures and are subject to change. The amounts were obtained from different sources which may not always be consistent. No accounting accuracy is intended here.

Economic Analysis Branch
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http://www.dot.ca.gov/hq/tpp/offices/ote/funding/fundchrt.htm

# California Transportation System

The California Transportation System consists of a vast network of streets and highways, public transit (bus and passenger rail), airports and seaports as well as other modal services such as bicycle and ferry system, that provide for the mobility and accessibility of people, goods, services and information throughout the State. Jurisdiction over the operations and maintenance of the transportation system is shared between the State and regional agencies and local governments. The transportation system is funded from state, local and federal taxes, fees and assessments, and private investment.

## State Highway System (SHS)

The California Department of Transportation (Caltrans) is the owner and operator of the State Highway System (SHS), which consist of the 15,000 miles (51,000 lane miles) of Interstate Freeways and State Routes and carries over half of the travel in the state. Caltrans is responsible for planning, designing, building, operating and maintaining the SHS.

Regional agencies and local governments operate and maintain nearly 138,000 miles of public streets and roads making up over three-quarters of the lane miles in the state. Planning, coordinating and financing for local projects rest with Metropolitan Planning Organizations (MPOs) and Regional Transportation Planning Agencies (RTPAs).

## Public Transit

Public transit includes bus and rail service operated by local and regional agencies and Caltrans. There are approximately 70 operators providing fixed-route buses, city's dial-a-ride programs, local and express commuter services, and paratransit services for the disabled. Commuter rail service such as *Metrolink* and *Caltrain*, and heavy rail systems like *BART* operate in large urban areas servicing daily commuters and inter-regional travelers. In addition, local and regional transit agencies operate five Light Rail systems in the state providing regional service for daily commuters. At the state level, Caltrans manages two intercity routes operated by Amtrak, the *Pacific Surfliner* and *San Joaquin*, and financially supports a third, the *Capitol Corridor*. Over one billion unlinked passenger trips are taken annually via public transit.

### Other Modal Services

The remaining modal transportation services available in the state include airports and seaports, ferries and bicycle and pedestrian facilities. These systems of transportation are generally maintained and operated by local and regional agencies providing alternative means of mobility and accessibility to people and goods within the state and beyond.

## The Transportation System Decision Makers

***Legislature:*** Establishes overall policies, including determining funding sources and distribution, and spending priorities through state statutes such as *Revenue and Taxation Code, Streets and Highways Code*, and *Government Code*. The Legislature appropriates funds through the annual budget for transportation projects and has authority to designate transportation projects statutorily.

***California Transportation Commission (CTC):*** The nine-member CTC, appointed by the Governor, reviews and adopts the state transportation programs and approves projects nominated by Caltrans and regional agencies for funding. The CTC recommends policy and funding priorities to the Legislature and is also responsible for project delivery oversight.

For more information, see http://www.catc.ca.gov/

***California Department of Transportation (Caltrans):*** Caltrans owns, operates and maintains the SHS. Caltrans plans, designs, and nominates interregional capital improvement projects on the state highway system and also manages the intercity rail operation.

***Metropolitan Planning Organizations (MPOs) and Regional Transportation Planning Agencies (RTPAs):*** MPOs and RTPAs are responsible for planning, coordinating and administering funds for regional transportation systems. In California, 17 MPOs and 48 RTPAs develop 20-year *Regional Transportation Plans (RTPs)* as well as 5-year *Regional Transportation Improvement Program (RTIP)*, which identify projects for the regional portion of the State Transportation Improvement Program (STIP).

For more information, see:
http://dot.ca.gov/hq/tpp/offices/orip/rtp/index_files/2007_California_Regional_Transportation_Plan_Guidelines.pdf

***Other Players*:** Cities and Counties set land-use policy and plans, nominate transportation projects for funding by the RTPA, and administer local roads and streets. County transportation authorities develop expenditure plans for voter-approved local option sales tax measures. Transit agencies (such as BART) nominate projects for funding and provide public transit services.

## Programming and Funding Process

- ***State Transportation Improvement Program (STIP)*:** Funds new construction projects that add capacity to the transportation system. STIP consists of *Interregional Transportation Improvement Program (ITIP)* developed by Caltrans and *Regional Transportation Improvement Program (RTIP)*. STIP funding comes from a mix of state, federal and local taxes and fees. – *(Chart 4)*

- ***State Highway Operation and Protection Plan (SHOPP)*:** SHOPP provides funds for pavement rehabilitation and operational and safety improvement of the state highways and bridges.

- ***Traffic Congestion Relief Program (TCRP)*:** Funds 141 capital projects specified in the Traffic Congestion Relief Act of 2000. The TCRP includes roadway and transit projects located in urban areas. Funding comes primarily from gasoline sales tax revenues.

- ***Local Assistance Program*:** Caltrans' Local Assistance Program oversees more than one billion dollars in federal and state funds annually available to over 600 cities, counties and regional agencies for the purpose of improving their transportation infrastructure or providing transportation services.

  For more information, see http://www.dot.ca.gov/hq/LocalPrograms/public.htm

## Transportation Funding Sources

The transportation system is funded from federal, state, and local taxes, fees and assessments, and private investment. – *(Chart 1)*

**Federal Funds** – The IRS collects the Federal fuel excise tax (18.4¢/gallon gasoline & 24.4¢/gallon diesel fuel) which are deposited in the **Highway Trust Fund (HTF)**.

- About 85% of the HTF revenues go to the Highway Account of the HTF and are apportioned by the Federal Highway Administration (FHWA) among the states as federal matching funds for projects on the SHS. – *(Chart 18)*

- The remaining 15% of the revenues go to the Transit Account of the HTF and are allocated by the Federal Transit Administration (FTA) to regional agencies and local transit providers in each state. – *(Chart 19)*

For more information, see:
http://www.fhwa.dot.gov/reports/financingfederalaid/financing_highways.pdf

## State Funds-

- ***State Fuel Tax:*** The State of California collects 18¢/gallon excise tax on gasoline and diesel fuel (about $3.5 billion a year), about 65% of which is allocated to Caltrans and 35% to cities and counties (*Local Subvention*) *-(Chart 2)*

- ***Truck Weight Fees:*** The state also collects a fee on commercial vehicles based on the weight, that represent compensation for the wear and tear on the roadways (about $1 billion a year). – *(Chart 3)*

- ***State Sales Tax:*** The state also collects 7.25% sales tax, certain portions of which are earmarked for transportation:

    - The 1971 *Transportation Development Act (**TDA**)* earmarked ¼ percent of the state sales tax for transit and created a *Local Transportation Fund (**LTF**)* in each county to receive the money ($1 billion). - *(Chart 6)*

    - The TDA also extended the state sales tax to gasoline and used the revenues to compensate the state general fund for the loss of the ¼ percent tax. Any excess revenues from gasoline sales tax *("gasoline spillover")* are deposited in the *Public Transportation Account (**PTA**)*. Later on, other sources of revenues were added for the PTA, including 4.75% of the diesel sales tax ($250 million) and others. - *(Chart 7)*

      For more information, see:
      http://www.dot.ca.gov/hq/MassTrans/Docs-Pdfs/TDA2007Work.pdf

    - ***Proposition 42*** (2002): Revenues from 5% state gasoline sales tax are earmarked for transportation ($1.3 billion) - *(Chart 5)*

- ***Proposition 1B Bonds***: The 2006 bond act provides $19.9 billion to fund projects to relieve congestion, facilitate goods movement, improve air quality and enhance the safety and security of the transportation system. – *(Chart 8)*

## Local Funds-

- ***Local Sales Tax Measures (Self-Help Counties):*** Counties are authorized to adopt up to 1% sales tax increase for transportation programs, subject to 2/3 voter approval, and generally for a duration of 20 to 30 years ($3.1 billion). – *(Chart 10)*

    - Nineteen counties have approved sales tax measures for transportation.
    - Four Transit Authorities have approved permanent local tax measures.

- ***Transit Fares***: Provide about $1.2 billion for local transit systems.

- ***Local General Funds and Other Local Funds***: Include property taxes, developer fees, street assessments, bond revenues and fines and forfeitures ($3.8 billion). – *(Chart 9)*

### *Motor Vehicle Fees – (Chart 17)*

The state also collects vehicle license, registration and drivers license fees. The revenues are not earmarked for transportation projects; however, the bulk of the money is allocated to CHP and DMV for traffic law enforcement and regulations.

For additional information on California transportation funding, see:

The Legislative Analyst Office: http://www.lao.ca.gov/2007/ca_travels/ca_travels_012607.pdf

The California Transportation Commission: http://www.catc.ca.gov/reports/annualreports.htm

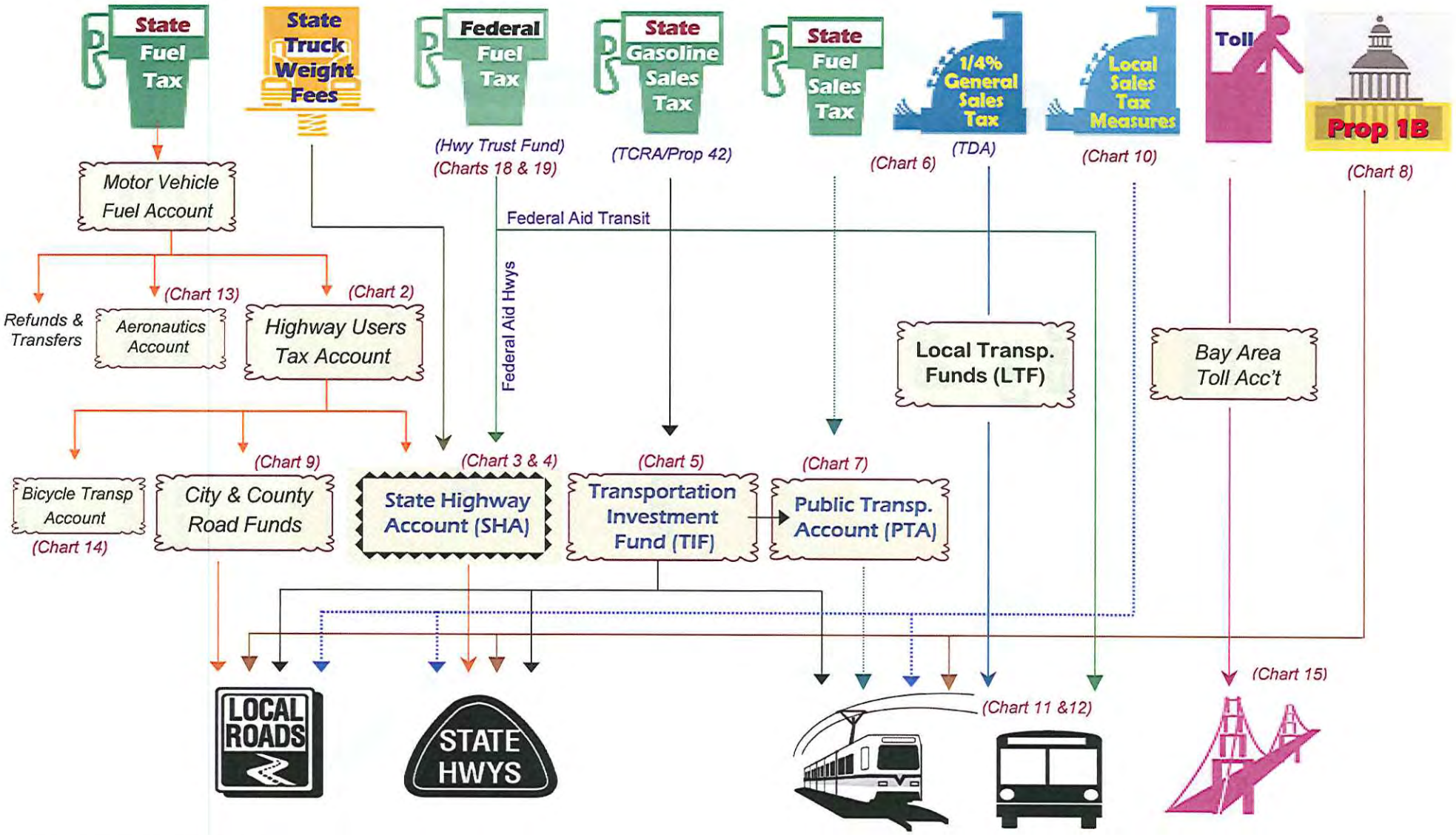
# Transportation Funding in California

*Contents* *Chart No.*


Overview ..... 1
State Fuel Excise Tax ..... 2
State Highway Account ..... 3
STIP Funding ..... 4
TCRA & Prop 42 (Gasoline Sales Tax) ..... 5
State Sales Tax ..... 6
Public Transportation Account ..... 7
Proposition 1B (G.O. Bonds) ..... 8
Local Road Funding ..... 9
County Sales Tax Measures ..... 10
Transit Operations ..... 11
Rail Capital Funding ..... 12
State Aviation Funding ..... 13
Non-Motorized Transportation ..... 14
Toll Bridges & Seismic Retrofit ..... 15
Transportation Planning ..... 16
Motor Vehicle Fees ..... 17
Federal Highway Aid Programs (SAFETEA-LU)..... 18
Federal Transit Aid Programs (SAFETEA-LU)..... 19

# California Transportation Funding

***Simplified Overview***

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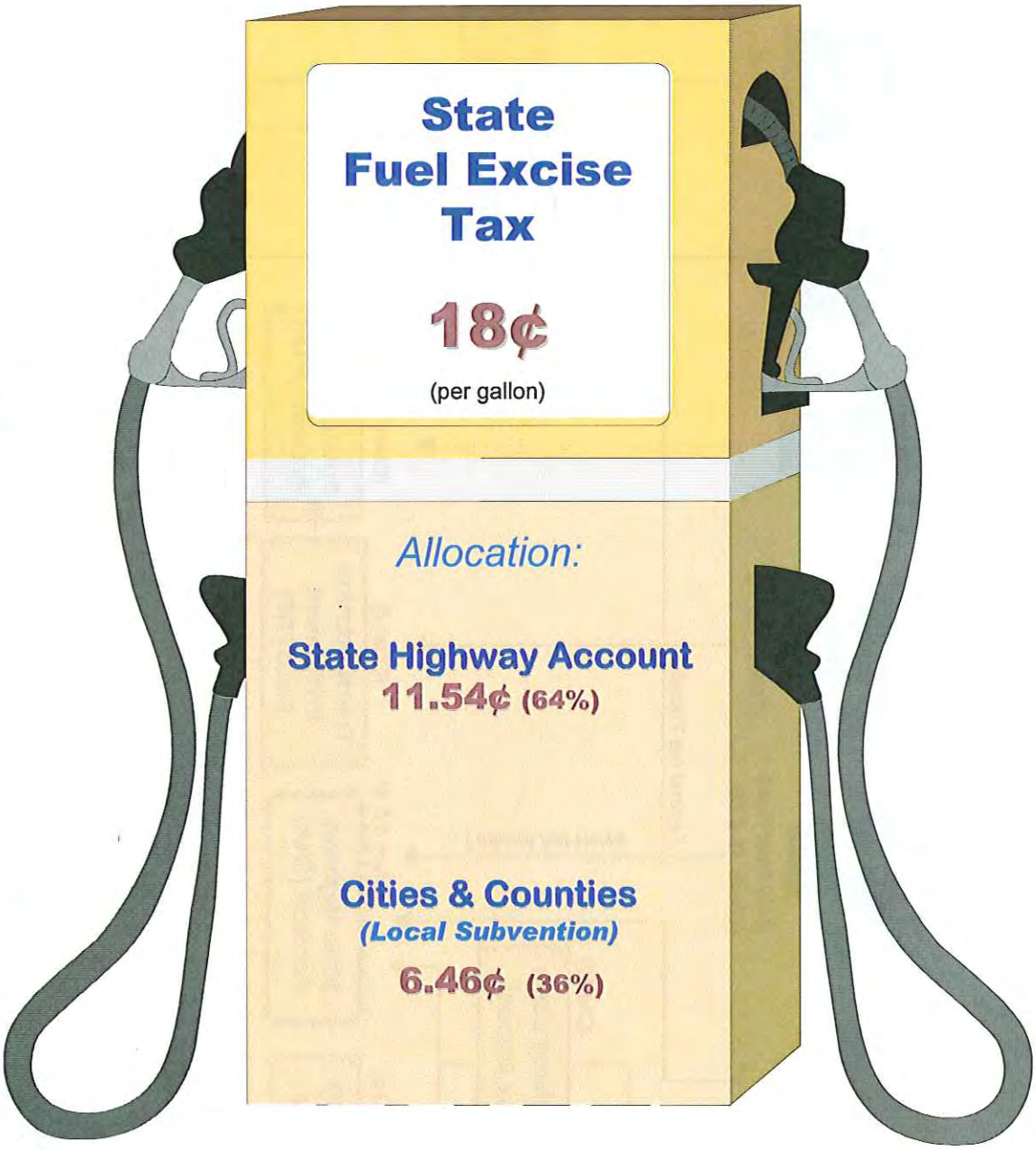
# State Fuel Excise Tax

Gasoline & Diesel Fuel Tax

*(Revenue & Taxation Code, §7360 & 7361 )*




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

The appropriations to county and city are based on their share of registered vehicles, county road mileage, population, etc. (For details, see Streets & Highways Code, Sec. 2104 through 2108)

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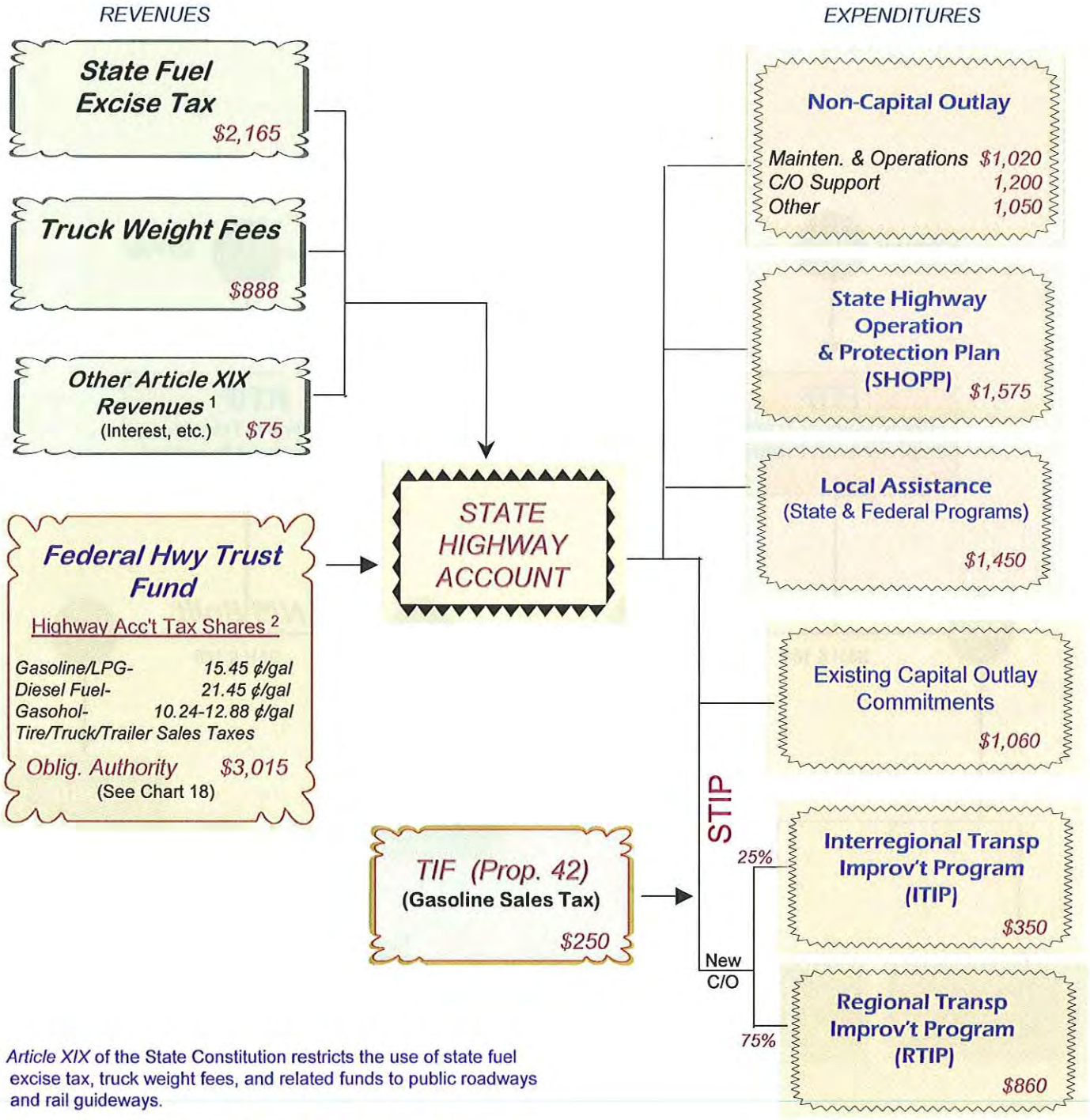
# STATE & FEDERAL HIGHWAY FUNDING

*(Million Dollars, 2005-2006)*




[1] *Article XIX* of the State Constitution restricts the use of state fuel excise tax, truck weight fees, and related funds to public roadways and rail guideways.

[2] Federal excise taxes on gasoline and diesel fuel are 18.4 and 24.4 ¢/gal, respectively. Transit Acc't of the Highway Trust Fund receives 2.85 ¢/gal; another 0.1 ¢/gal goes to the Leaking Underground Storage Tank Trust Fund.

Sources: 2005-06 Governor's Budget
2006 STIP Fund Estimate

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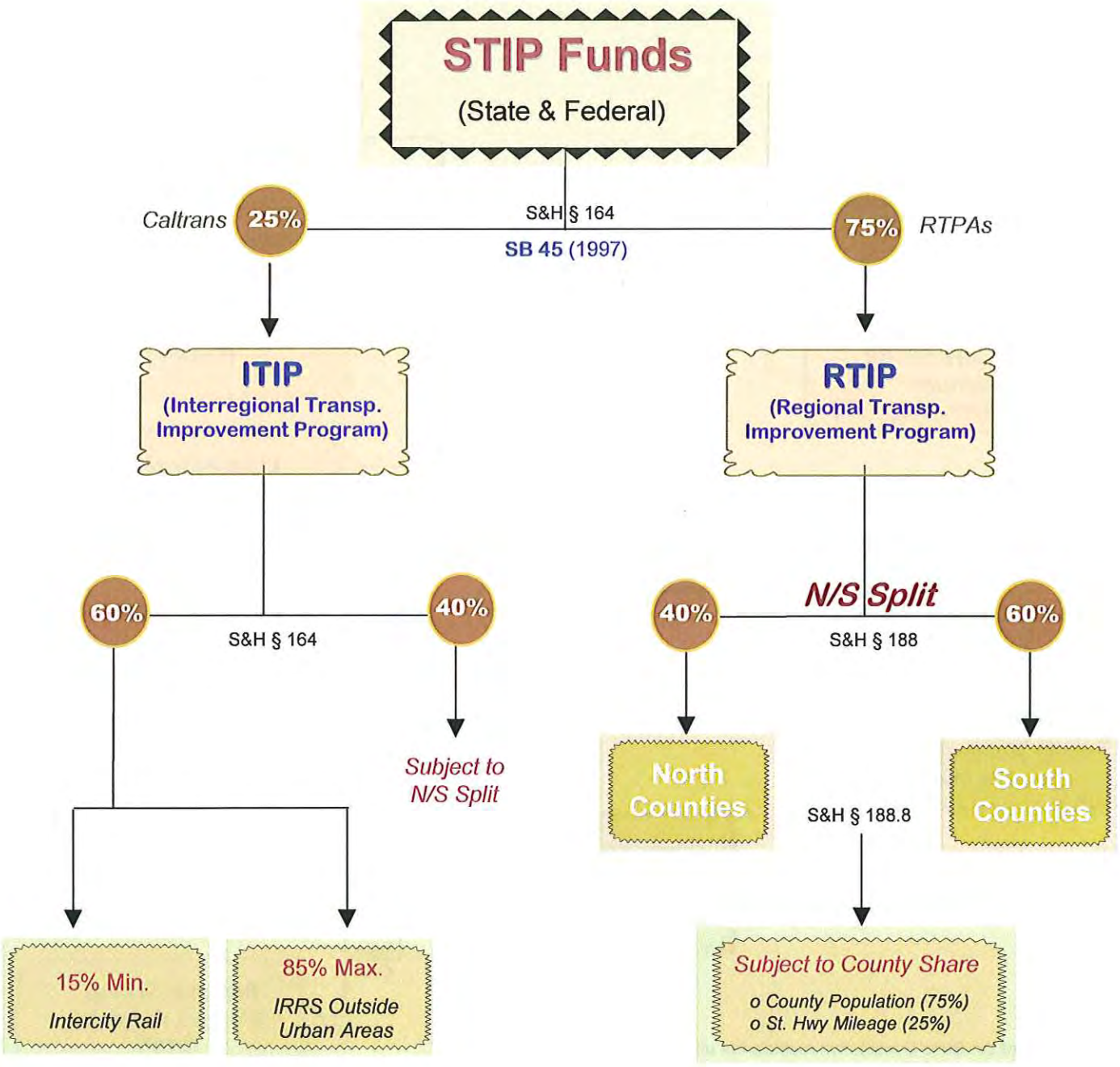
# STIP Fund Allocation

State/Region, North/South Splits & County Shares

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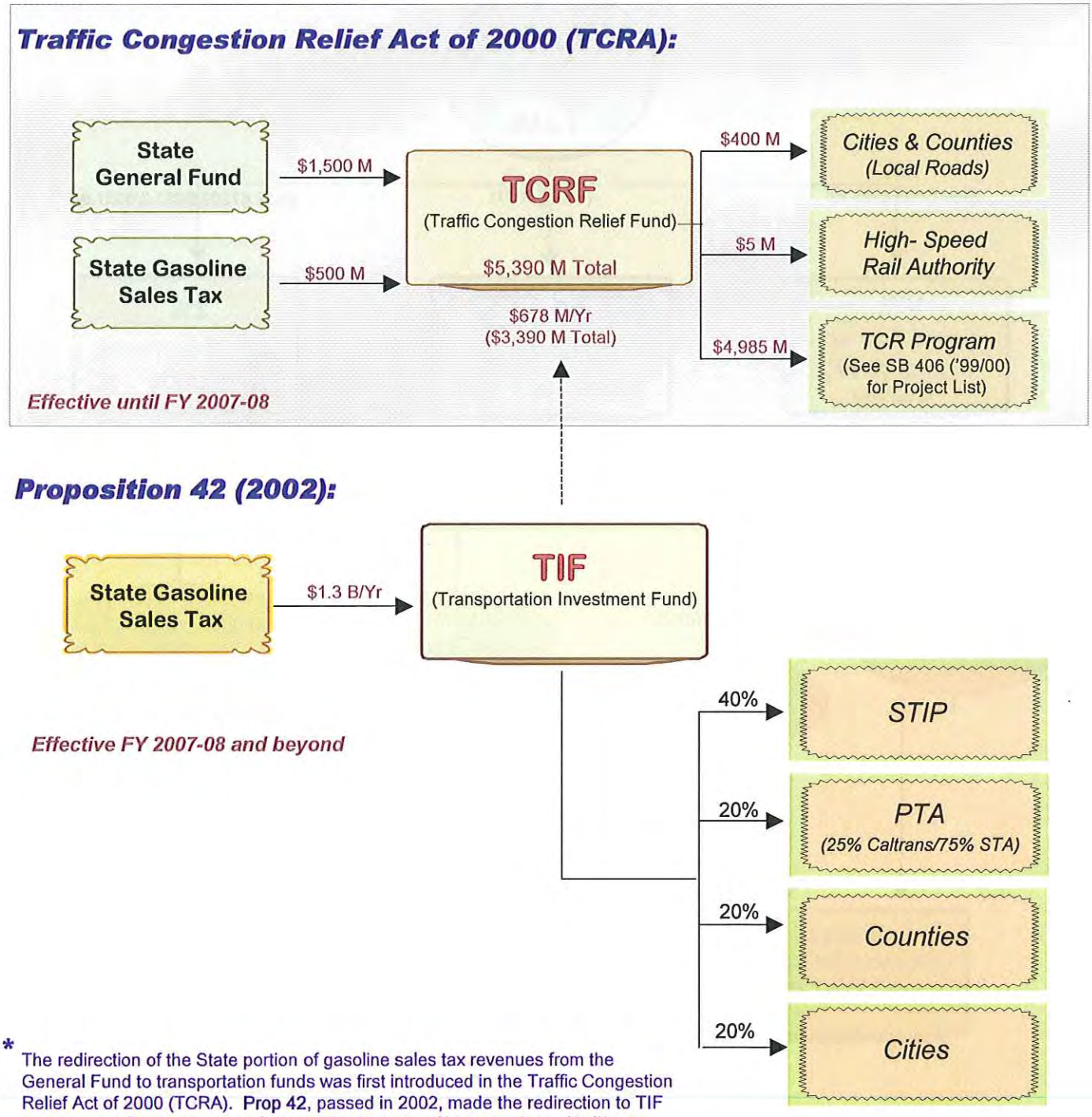
# TCRA & PROPOSITION 42 *

*(State Gasoline Sales Tax)*




* The redirection of the State portion of gasoline sales tax revenues from the General Fund to transportation funds was first introduced in the Traffic Congestion Relief Act of 2000 (TCRA). **Prop 42**, passed in 2002, made the redirection to TIF permanent following the completion of TCRP in fiscal Year 2007-08. (California State Constitution, Article XIX B).

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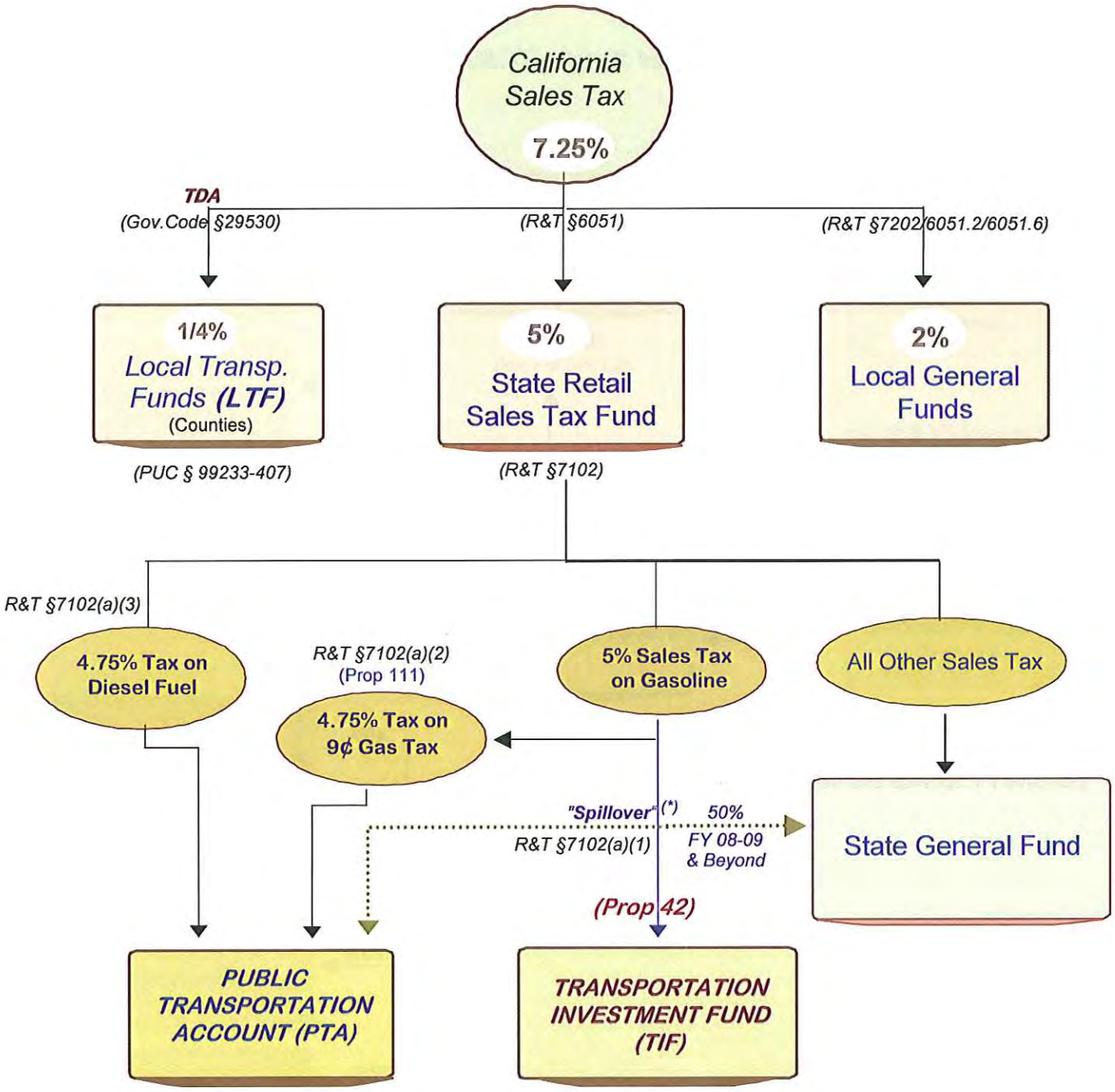
# State Sales Tax




(*) **Gasoline "Spillover"** = 5% Gasoline Sales Tax – 0.25% General Sales Tax.
This is the State portion of gasoline sales tax revenues in excess of the ¼% general sales tax revenues earmarked for the Local Transportation Funds by TDA.

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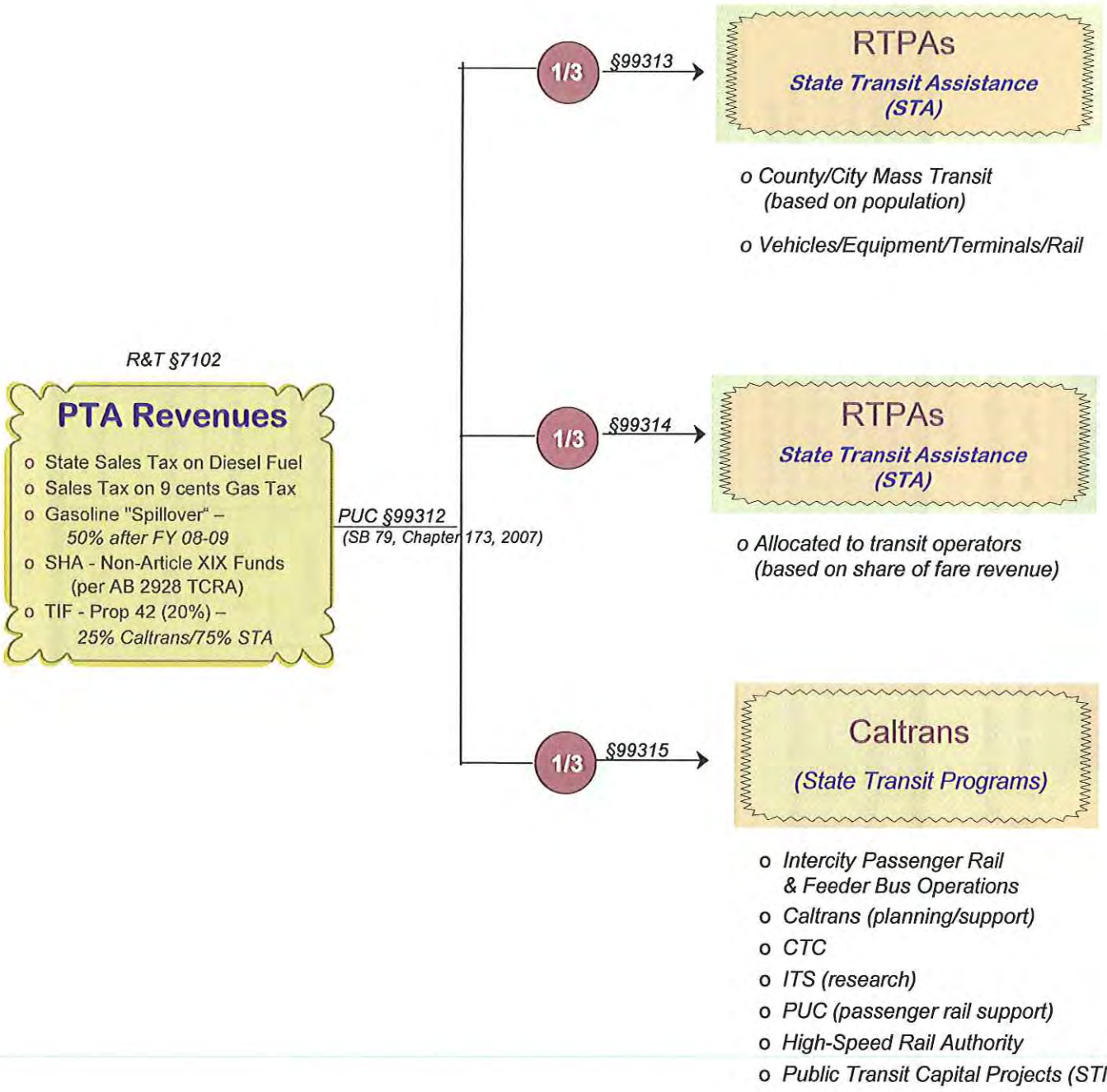
# Public Transportation Account (PTA)

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# Proposition 1B

Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006

(Authorizes $19.9 Billion in General Obligation Bonds)

| Account/Program | $ Billion | Allocation Plan |
|---|---|---|
| Corridor Mobility Improvement Account (CMIA) | $4.5 | - Performance improvements on highly congested travel corridors<br>- Projects are nominated by Caltrans & MPOs/RTPAs<br>- CTC develops guidelines and approves projects |
| Public Transp. Modernization, Improvent & Service Enhancement | $4.0 | - Intercity Rail Improvements ($400 mil)<br>- Commuter & Urban Rail Improvements ($3.6 bil)<br>- Projects nominated by Caltrans/MPOs/RTPAs |
| California Ports Infrastructure, Security, and Air Quality Improvement | $3.1 | - Multimodal Improvements along federal trade corridors ($2 bil)<br>- Emission reductions related to freight along trade corridors ($1 bil - ARB)<br>- Grants for port, harbor, ferry terminals security ($100 mil) |
| STIP Funding Augmentation | $2.0 | Deposited in Transportation Facilities Account |
| Local Streets and Road Improvement, Congestion Relief, and Traffic Safety | $2.0 | |
| State Route 99 Improvements | $1.0 | |
| State-Local Partnership Program | $1.0 | State matching funds for local projects (5-year program) |
| Transit System Safety, Security, and Disaster Response | $1.0 | Allocated by Legislature |
| Highway Safety, Rehabilitation, and Preservation | $750 mil | - Augments SHOPP funding (CTC)<br>- Includes $250 mil for traffic light synchronization projects |
| Highway-Railroad Crossing Safety | $250 mil | High-priority grade separation and RR crossings |
| Schoolbus Retrofit & Replacement | $200 mil | Reduction of air pollution & childrens' exposure to diesel exhaust |
| Local Bridge Seismic Retrofit | $125 mil | Provides the 11.5% required match for federal Bridge Program |

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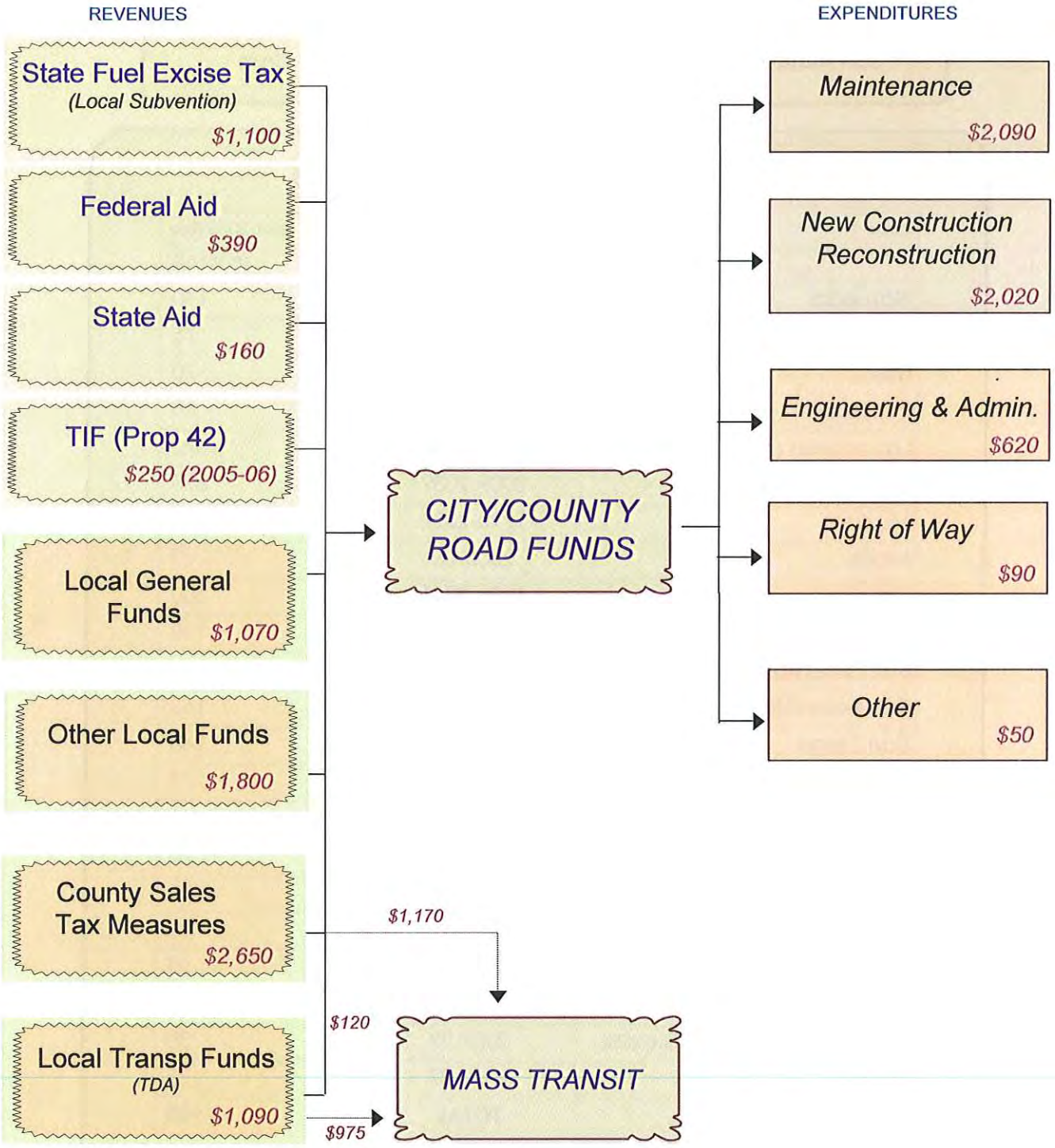
# LOCAL STREET & ROAD FUNDING

*(Million Dollars, 2004-05)*

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Source: State Controller, Annual Reports of Financial Transactions
- Streets and Roads
- Transit Operators
- Transportation Planning Agencies

# County Transportation Sales Tax Measures

## Transit Districts (Permanent 0.5% Taxes)

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

## "Self-Help" (Temporary 0.5% Taxes)

| County | Duration | Est. 2009 Rev. (million $) |
|---|---|---|
| Alameda | 2002-22 | 140 |
| Contra Costa | 1989-2034 | 75 |
| Fresno | 1987-2027 | 70 |
| Imperial | 1990-2050 | 10 |
| Los Angeles (1% Tax) | Permanent | 1,390 |
| Los Angeles (Measure R) | 2009-2039 | 695 |
| Madera | 1990-2027 | 7 |
| Marin | 2005-25 | 23 |
| Orange | 1991-2041 | 300 |
| Riverside | 1989-2039 | 150 |
| Sacramento | 1989-2039 | 105 |
| San Bernardino | 1990-2040 | 165 |
| San Diego | 1988-2048 | 240 |
| San Francisco | 1990-2034 | 77 |
| San Joaquin | 1991-2041 | 47 |
| San Mateo | 1989-2033 | 70 |
| Santa Barbara | 1990-2040 | 30 |
| Santa Clara | 1996-2036 | 190 |
| Santa Clara (BART Ext 0.125%) | 2013-43 (Est.) | 50 |
| Sonoma (0.25% Tax) | 2005-25 | 20 |
| Sonoma-Marin (SMART 0.25%) | 2009-29 | 30 |
| Tulare | 2007-37 | 25 |
| | **TOTAL** | **$3,900** |

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

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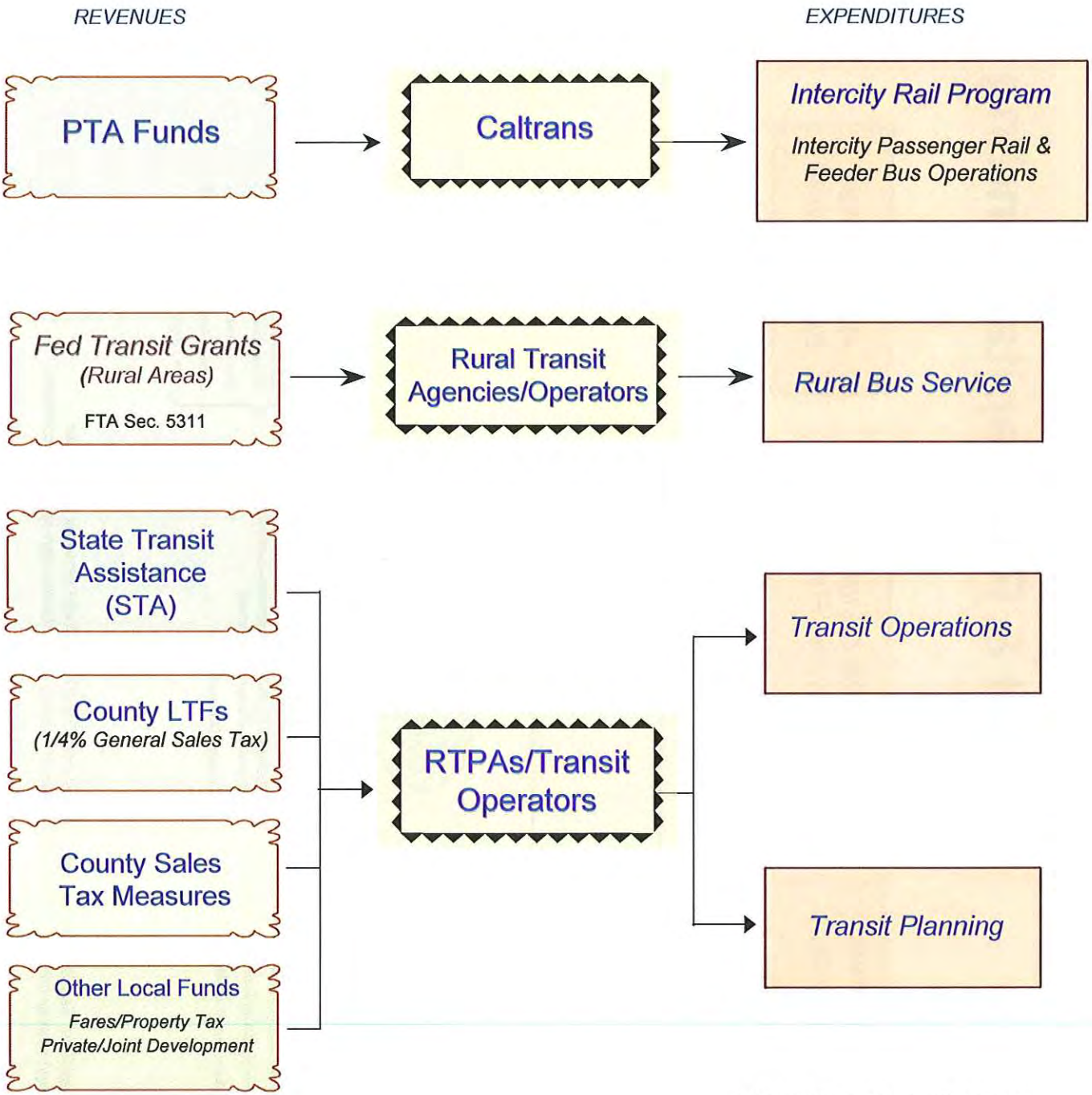
# Transit & Rail Operations Funding

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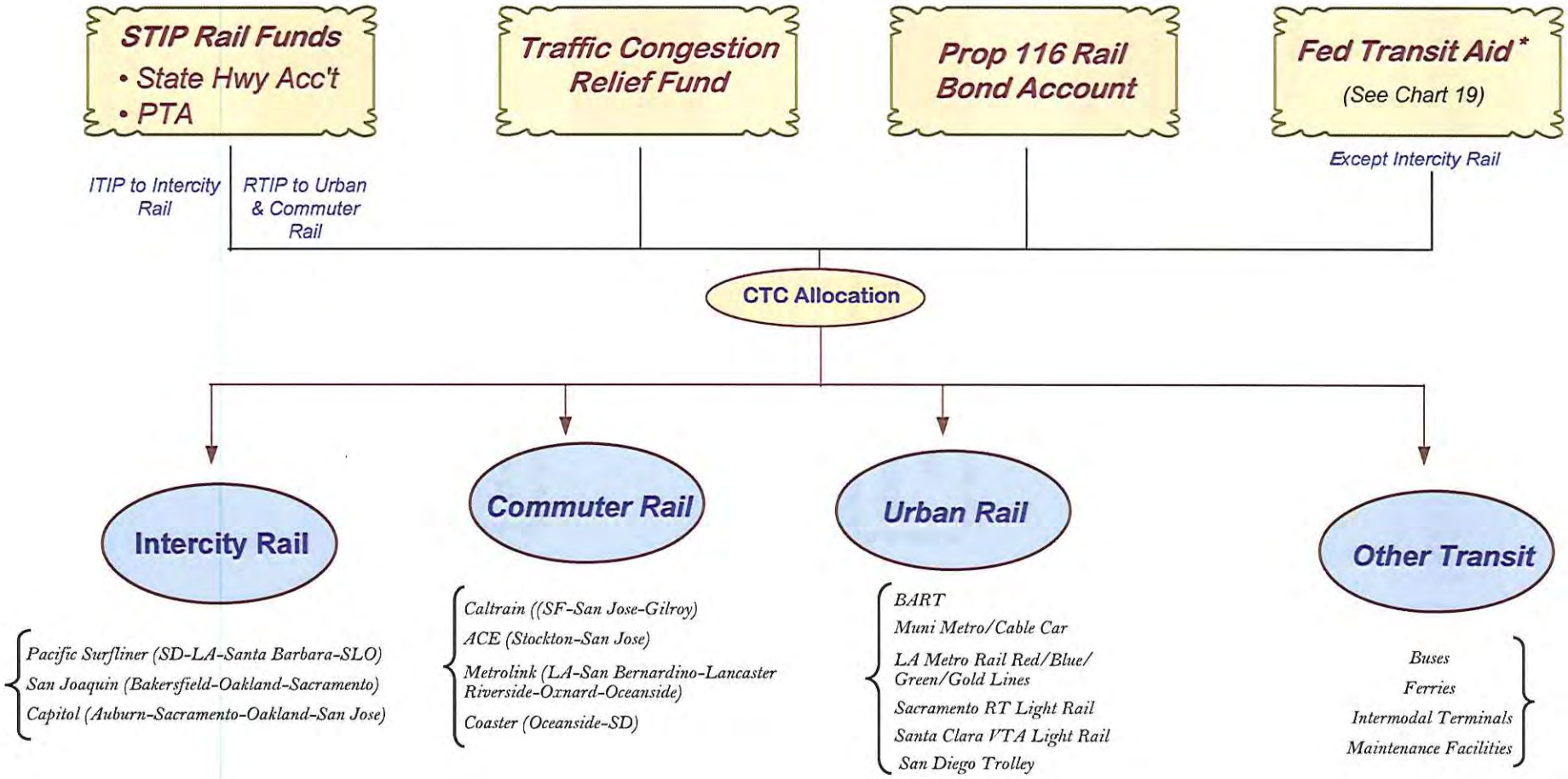
# Transit & Rail Capital Funding




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

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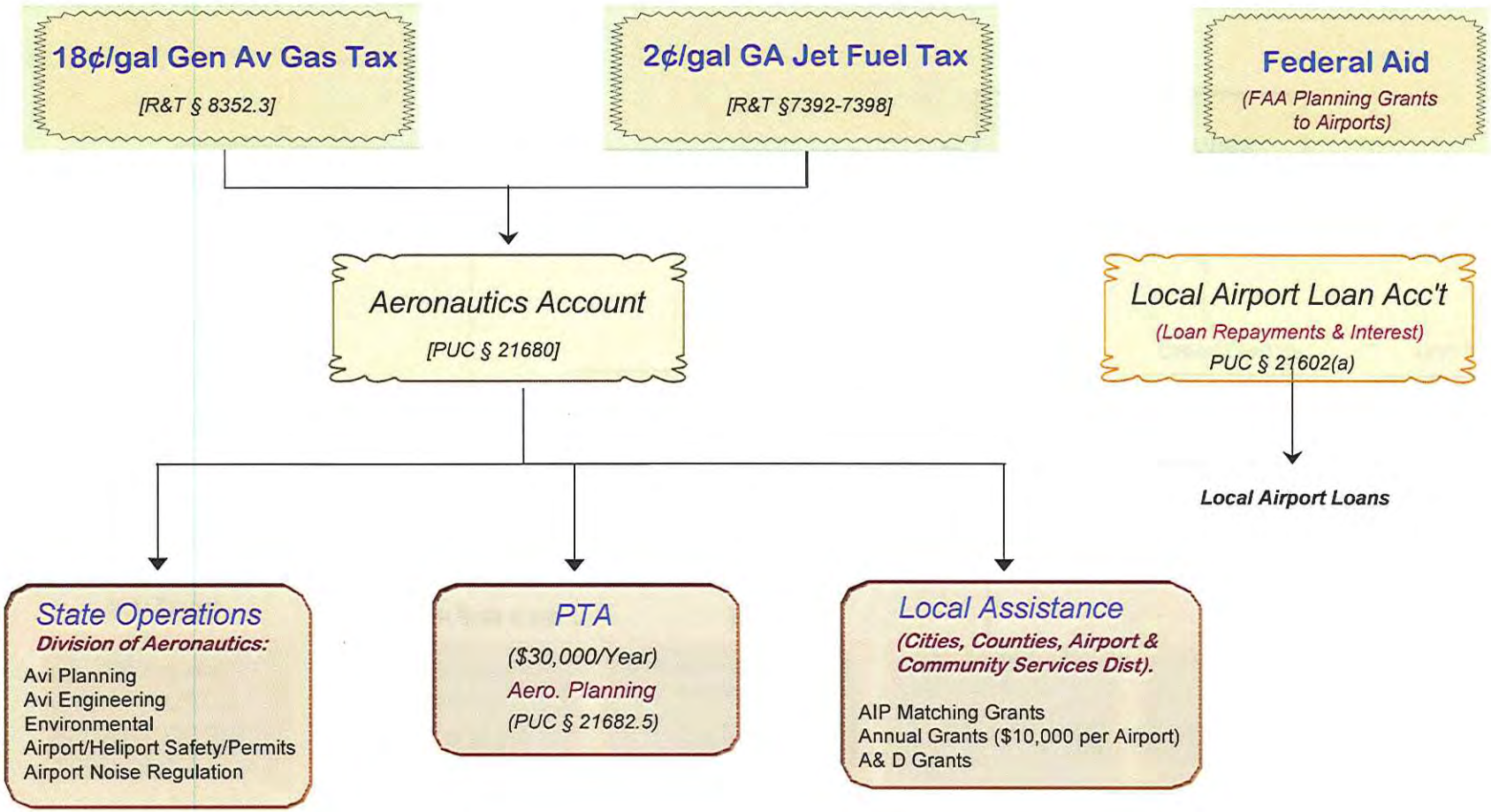
# State General Aviation Funding

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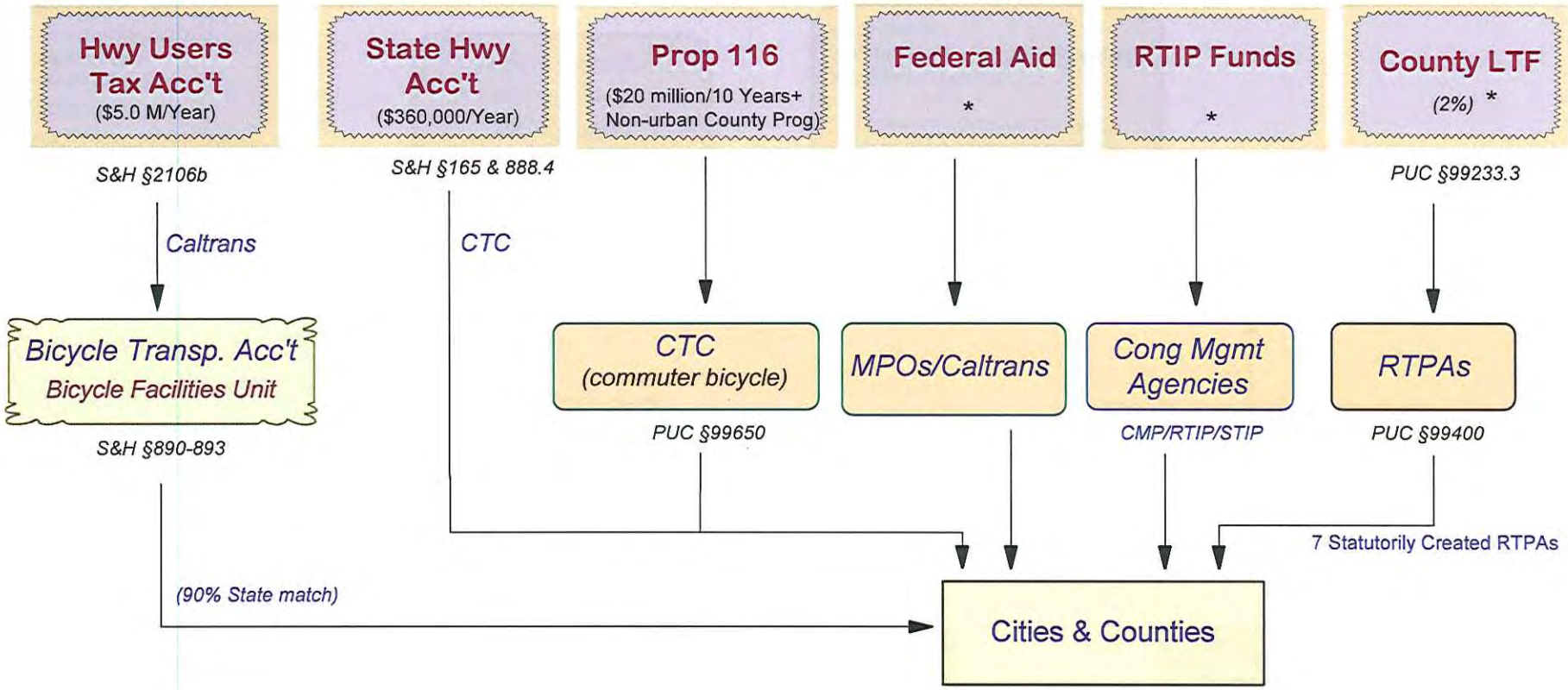
# Non-Motorized Transportation Funding

*(Bicycle Facilities)*




* Bicycle/pedestrian projects are eligible for funding from federal NHS, STP, TEA, CMAQP, Fed Lands Hwy & Bridge programs. The State's EEM program and county sales tax measures also provide funding for non-motorized transportation projects.

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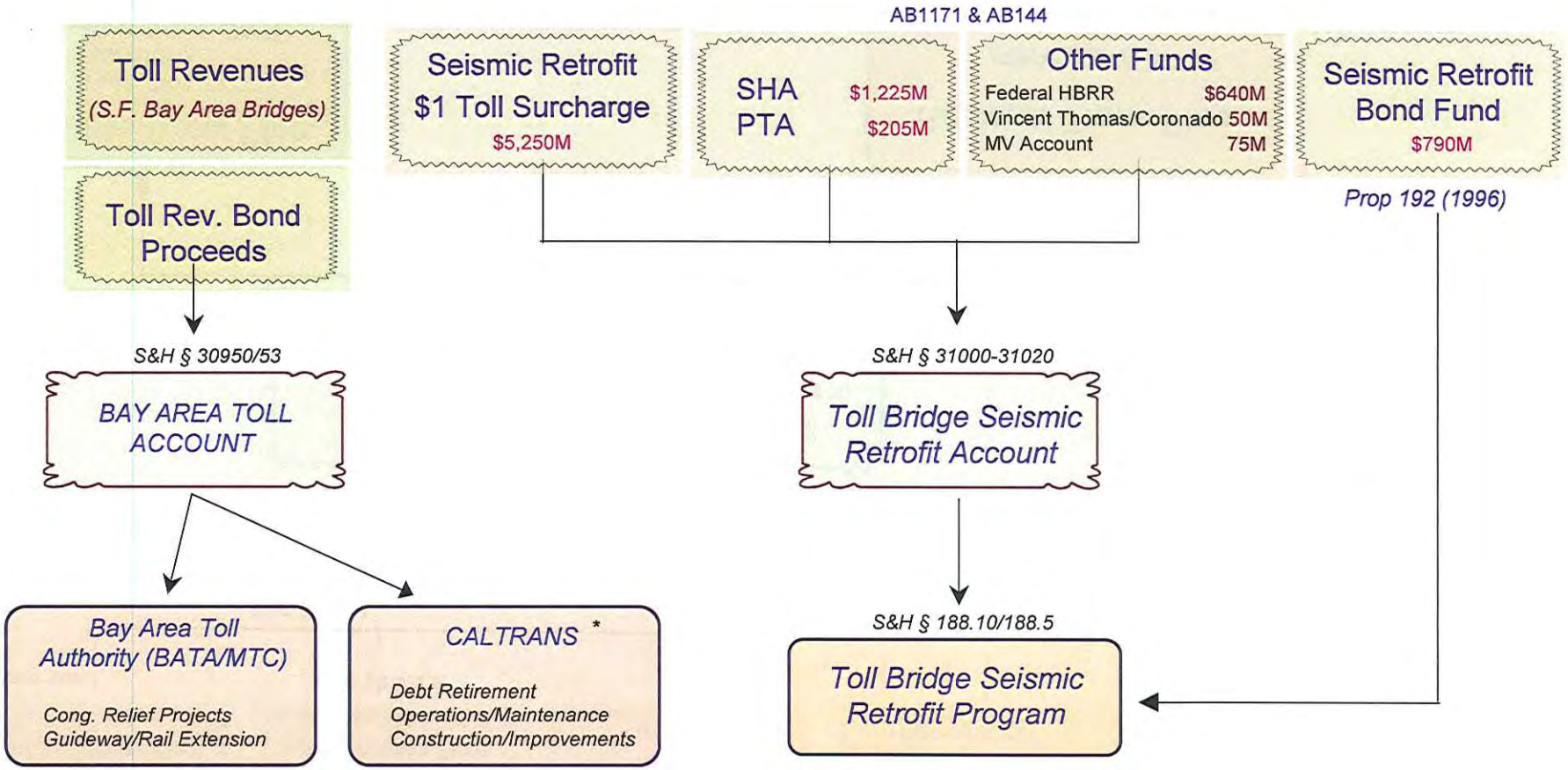
# State Toll Bridge & Seismic Retrofit Funding




(*) Caltrans collects tolls and is responsible for the maintenance and capital improvements on all state-owned toll bridges (reimbursed by BATA).

Assembly Bill 144 (Chapter 71, 2005) provided additional funding of $3.6 billion from BATA for the Toll Bridge Seismic Retrofit Program.

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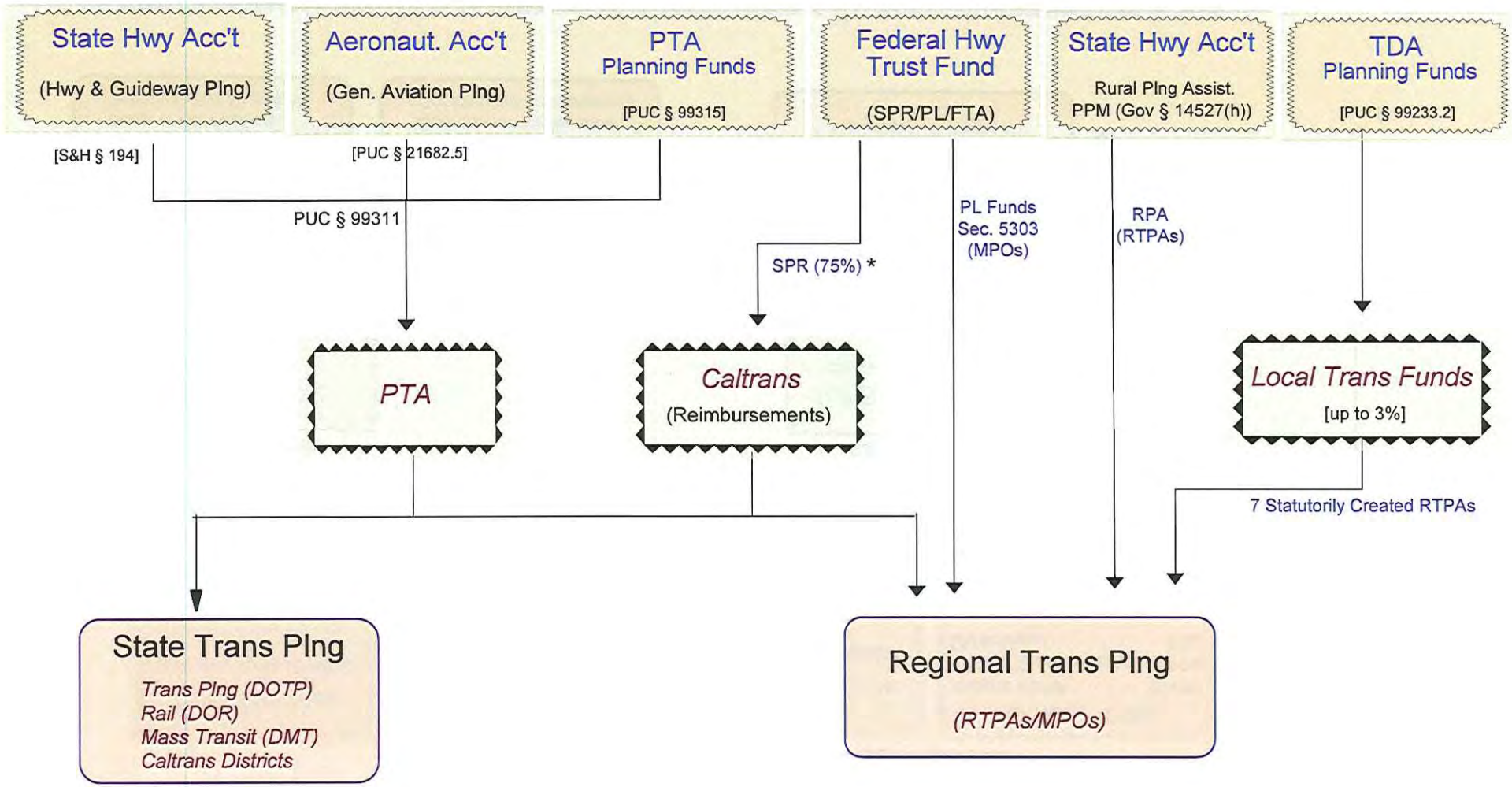
# Transportation Planning Funds




* *The remaining 25% of the SPR funds are used for research.*

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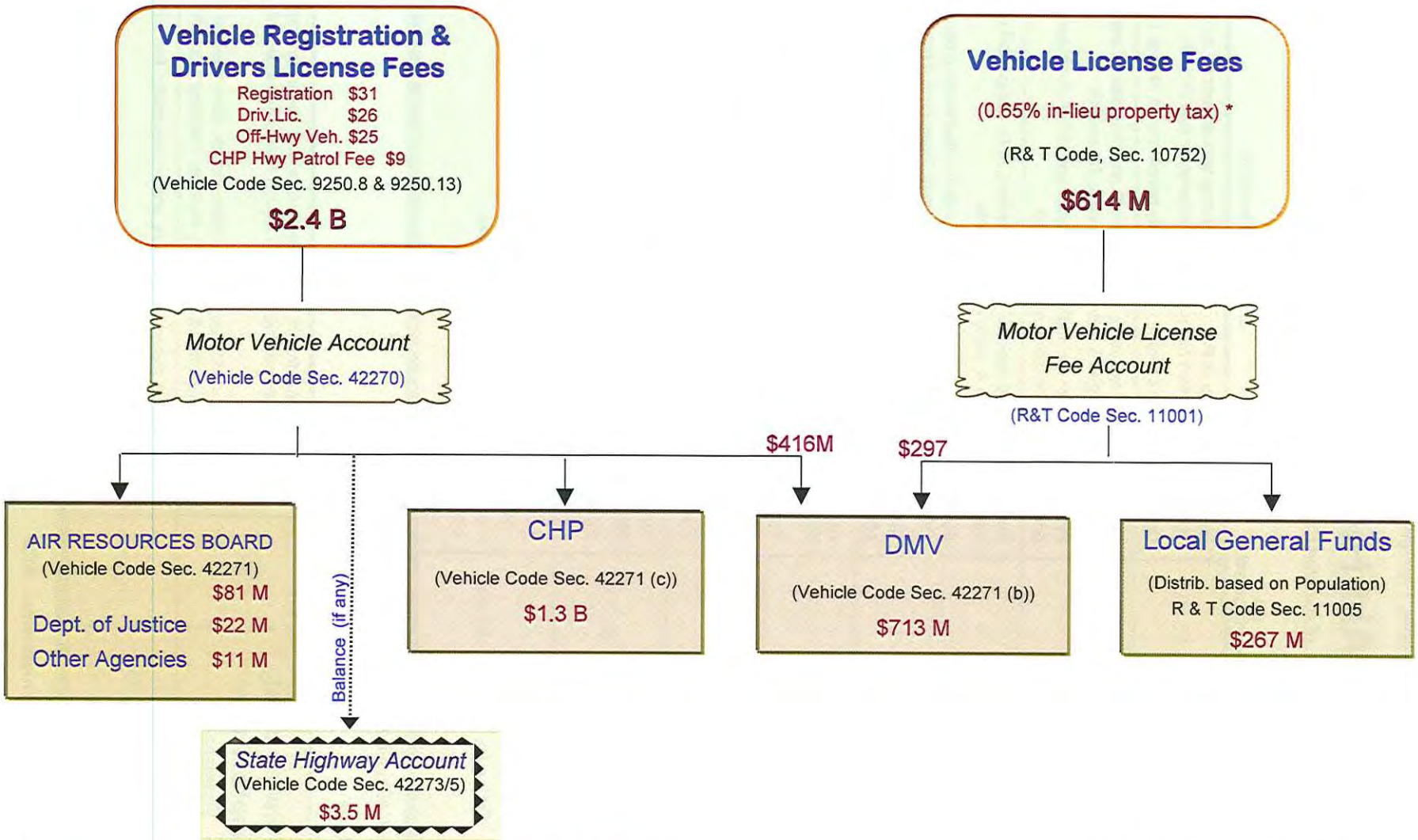
# Motor Vehicle Fees

2005-06 Estimate




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

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Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users

# Federal-Aid Highway Programs 2005-2009

*(Estimated California Apportionments in millions of dollars)*

| *Program* | *CA Apportionments* | *Description/Provisions* |
|---|---|---|
| **Highway Bridge** | $1,800 | Funds Repl., Rehab. & Prev. Maint., including seismic retrofit, for all bridges, and sets aside $100 million per year for discretionary bridge projects.<br>Up to 50% of State's Bridge funds may by transferred to NHS or STP. |
| **Interstate Maintenance** | $2,200 | Funds resurfacing, restoring, rehabilitating & reconstruction of interstate system, including interchanges & overcrossings along the system.<br>Provides flexibility to the states to fully utilize remaining un-obligated balances of prior interstate construction authorizations. |
| **National Highway System (NHS)** | $2,800 | Funds 163,000 mile National Highway System, to be designated consisting of Interstate highways & major Primary roads.<br>States may transfer up to 50% of NHS funds to other roads programs or transit (100% with Secretary's approval in states with Clean Air Act non-attainment areas).<br>NHS funds distributed based on a formula including each state's lane-miles of principal arterials, vehicle miles, and diesel fuel use. |
| **Surface Transportation (STP)** | $3,200 | Authorizes funds for highways, transit capital, bicycles & traffic operations, management & other projects on Fed-aid roads and all bridges.<br>Funds distributed based on formula using lane miles, total VMT and contributions to the Highway Account, provideing 80% matching funds. Off the top, 10% (or $75 million/year, whichever is) is set aside for Transp. Enhancement Activity (TEA); sub-state regions receive 62.5% of the remaining funds based on population, and Caltrans receives the remaining 37.5%. |
| **Congestion Mitigation & Air Quality (CMAQ)** | $1,800 | Funds projects and programs in air quality and maintenance areas which reduce transportation related emissions.<br>Funds distributed to MPOs in each state according to a formula based on population and severity of non-attainment areas. |
| **Others** | $4,890 | • Equity Bonus (Formerly Minimum Guarantee)<br>• High Priority Projects<br>• Border Infrastructure. Safety Incentives<br>• Planning and Research<br>• Other Programs |

Total California Apportionments: $17,145

## Safety

| | | |
|---|---|---|
| **Highway Safety Improvement Program** | $384 | Funds set aside from STP for construction and operational improvements on rural roads deemed high-risk due to high fatality and incapacitating injury accidents.<br>Funds distributed based on lane miles, vehicle miles traveled and fatalities on Federal-aid system, after Railway-Highway Crossing program setaside. |
| **Safe Routes to School** | $68 | Funds projects that improve safety, and reduce traffic, fuel consumption, and air pollution in the vicinity of schools.<br>Funding based on relative share of total enrollment in primary and secondary schools, not less than $1 million. |

**Total California Apportionments: $452**

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Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users

# Federal-Aid Transit Programs 2005-2009

*(Estimated California Apportionments in millions of dollars)*

| *Program* | *Description/Provisions* |
|---|---|
| **Section 5309**<br>(Capital Investment Grants/Fixed Guideway)<br>*$1,900* | Capital investment grant program for New Starts projects, fixed guideway, rail and bus modernization. |
| **Section 5303**<br>(Metropolitan Planning)<br>*$54* | A program established to support the planning program for making transportation investment decisions in metropolitan areas.<br>Apportionment by formula to States and MPOs in urbanized areas: requires 20% local match, but California is allowed to use 11.47% local matctch rate. |
| **Section 5307**<br>(Urbanized Area Grant)<br>*$2,700* | A grant program for public transportation capital investment in urban areas, and transit operating assistance in areas below 200,000.<br>Apportioned by legislative formulas based primarily on population and population density, and bus and fixed guideway revenue based on vehicle and passenger miles. |
| **Section 5310**<br>(Elderly/Disabled Transit)<br>*$52* | A formula program to fund transportation services to elderly and disabled persons.<br>Allocation is made on the basis of the number of elderly and persons with disabilities in each state. |
| **Section 5311**<br>(Non-Urbanized)<br>*$85* | Provides formula grants for capital and operating services for rural and small urban public transportation systems. Includes new separate funding for Indian tribes.<br>Establishes a new apportionment of funds: 20% are distributed by two tier-based formula based on land area, the remaining apportioned based on population in other-than-urbanized areas. |
| **Section 5313-14**<br>(Planning and Research) | Grants for State Planning & Research Program. Funds are allocated on a discretionary basis. |
| **Section 5308**<br>**(Clean Fuels)**<br>*$195* | Provides capital grants to purchase clean fuel vehicles and related facilities, although in the past funds were transferred to the Bus Discretionary program, through 2005.<br>Funds distributed by formula requiring 2/3 for urban areas (over 1 million) and 1/3 for under one million population. |

## New Programs

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|---|---|
| **Section 5316**<br>(Job Access & Reverse Commute)<br>*$86* | Formula program that funds local programs that offer job access and reverse commute services to provide transportation for low-income individuals.<br>Discretionary: 60% to areas with pop. over 200,000, 20% each to areas under 200,000 and non-urbanized areas. Funds may be transferred between urban and non-urban areas. |
| **Section 5317**<br>(New Freedom Program)<br>*$42* | Formula grant program to encourage services and facilities, beyond those required by ADA, to address the transportation needs of persons with disabilities.<br>Funds are allocated by formula, based upon population of persons with disabilities. |
| **Section 5311(c)**<br>(Public Transportation on Indian Reservations) | Provides public transportation on Indian reservations through a set aside of Other-Than-Urbanized Area Program (Section 5311) funds for direct grants to Indian Tribes before allocation to the States. |
| **Section 5320**<br>(Alternative Transportation in Parks and Public Lands) | Funds public transportation projects in parks and public lands.<br>Funded out of the Mass Transit Fund. |

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