

Memorandum

To: DIRECTOR
CHIEF DEPUTY DIRECTOR
DEPUTY DIRECTORS
DISTRICT DIRECTORS
DIVISION CHIEFS
PROGRAM MANAGERS

Date: April 17, 2023

From: KEITH DUNCAN
Chief *Keith Duncan*
Division of Budgets

Subject: **FISCAL YEAR 2023-24 CALIFORNIA TRANSPORTATION FINANCING PACKAGE**

The California Transportation Financing Package is prepared annually and distributed by the California Department of Transportation Division of Budgets. The package summarizes and illustrates the source and distribution of transportation funds at the state level based on the 2023-24 Governor's Proposed Budget that was released on January 10, 2023.

The details are presented in the attached "California Transportation Financing Summary" and in the following charts:

Chart A - "Source and Distribution of California State Motor Vehicle Fees and User Taxes"

Chart B - "Transportation Bonds – 1A and 1B"

Chart C - "Budgetary Flow of California State Fees and Taxes Designated for Transportation Purposes"

Chart D - "Distribution of California Sales Tax Revenue"

Chart E - "Motor Vehicle License Fee Distribution"

Chart F - "State Transportation Revenues"

Chart G - "Incremental Excise Tax Distribution"

Attachments

CALIFORNIA TRANSPORTATION FINANCING SUMMARY

FISCAL YEAR 2023-24

BUDGET SUMMARY

On January 10th, Governor Newsom released the proposed budget for the upcoming 2023-24 fiscal year, which represents the initial step in the budgetary process that will ultimately lead to approval of the Budget Act in June later this year. The proposed budget for the California Department of Transportation (Caltrans) is approximately \$20.7 billion, an increase of almost \$1.1 billion (5.5 percent) from the current 2022-23 enacted budget and represents the highest ever proposed budget for Caltrans (surpassing the previous high that was for the current 2022-23 fiscal year).

The largest portion of the total increase continues to be attributed to federal funding from the federal Infrastructure Investment and Jobs Act (IIJA), which was enacted during the 2022 federal fiscal year.

The proposed \$1.1 billion increase to Caltrans' budget is spread across multiple areas. It includes a net decrease of \$45 million in State Operations, due to a combination of the expected budgetary decrease in the third year of the Clean California Program funding and increases from multiple Budget Change Proposals to support departmental operations. The increases to both Capital Outlay (net increase of \$652 billion) and Local Assistance (net increase of \$468 million) and are largely attributed to the increase in IIJA federal funding.

Specific to transportation related revenues during the upcoming 2023-24 fiscal year, the Governor's Budget projects gross state gasoline and diesel excise tax collections of approximately \$8.2 billion and \$1.6 billion, respectively. These amounts represent an increase of between five and six percent compared to previously Enacted Budget projections for the current 2022-23 fiscal year. Compared to 2022-23, Transportation Improvement Fee projections for 2023-24 increased by almost ten percent to \$2.3 billion, while diesel sales tax decreased between the same periods by three percent to \$1.3 billion.

From an overall State revenue perspective, due to multiple uncertainties regarding the overall economic and revenue outlook in the near term, the Governor's Budget reflects a balanced plan of funding delays, reductions and pullbacks, fund shifts, trigger reductions, and limited revenue generation and borrowing to address the budget problem, especially as it relates to the forecasted General Fund revenue shortfalls. To preserve the state's ability to respond to any potentially significant negative changes to the outlook in early 2023, the Governor's Budget does not propose to draw from the state's reserve accounts to close the budget gap. The Governor's Budget economic forecast does not project a recession, and if economic and revenue conditions deteriorate in the spring, then the Administration may propose withdrawals from reserve accounts, as well as additional program reductions. Conversely, if conditions improve, then the Administration would not

have to propose reserve withdrawals and would also reconsider proposed spending delays and reductions. Specific to Transportation, given the projected decline in General Fund revenues, the Budget includes \$2.7 billion in General Fund reductions, partially mitigated by \$500 million in funding shifts from state transportation funds, to maintain \$11.6 billion (84 percent) of these investments.

The 2023-24 Governor's Budget includes multiple Caltrans Budget Change Proposals to support high priority departmental operations.

2023-24 Budget Change Proposals

- **California Public Records Request and Legislative Bill Analysis Resources** – A proposed permanent increase of \$1.3 million and 9 positions to process and respond to state mandated California public record requests and legislative bill analysis workload.
- **Administrative Growth** – A proposed permanent increase of \$4.4 million and 23.5 positions for administration support to address increased workload requirements commensurate with departmental program growth. The Administration Program supports the mission critical work of Caltrans with a variety of programs such as business operations, human resources, procurement and contracts and sustainability.
- **Enterprise Data Governance Technology Solution** – A proposed one-time request of \$422,000 in operating expenses to complete stage 4 of the Project Approval Lifecycle. These resources will enable the Enterprise Data Governance Technology Solution project to procure and implement a suite of enterprise data governance related tools for data stewards and data custodians.
- **Central Valley Legal Office** – A proposed permanent increase of \$3.4 million and 17 positions (phased in over two years) to support increased workload and to establish a legal office in the Central Valley to balance workload throughout the state, from a regional perspective.
- **Transportation System Network Replacement (TSNR)** – A proposed one-time request of \$5.8 million and 11 positions for continued support of the TSNR project. The new enterprise TSNR safety data system will provide storage for required data, support advanced safety analysis and performance measures to improve roadway safety, reduce fatalities and injuries for all road users including pedestrians and bicyclists on all public roads, and support “Toward Zero Deaths” goal.
- **Planning Program Project Initiation Document (PID) Zero-Based Budget (ZBB)** – The Department's PID Program, as part of the Statewide Planning Program, zero bases its budget every two years to align itself with the proposed need for project

development. This ZBB requests \$81 million and 420 positions to develop, review, and approve PIDs.

- **Highway Safety Program** – A proposed four-year request of \$48 million and 38 positions to continue and expand the Highway Maintenance Safety Pilot Program. This program supports the goal of reaching zero fatalities and serious injuries on the state highway system by 2050.
- **Statewide Homelessness and Encampment Coordinators and Homelessness Solutions Team** – A proposed three-year request of \$5.8 million and 30 positions, and 7 two-year limited-term positions (Solutions Team) to support statewide efforts addressing homelessness within the state highway right of way.
- **Hazardous Material Removal at Encampments** – A proposed two-year increase of \$20.6 million for the removal of hazardous material from encampments statewide, with a focus on densely populated urbanized areas within the state right of way. These resources will allow for the continuation of activities, in which funding was previously approved in the Enacted 2021-22 Budget.
- **Reconfigure Traffic Signals for Leading Pedestrian Interval (LPI)** – A proposed permanent increase of \$1.7 million and 1 position to reconfigure the timing of up to 6,000 traffic signals for LPI pursuant to Assembly Bill (AB) 2264 (Chapter 496, Statutes of 2022). AB 2264 requires Caltrans to implement LPI with accessible pedestrian signals on new and existing state-owned or state-operated traffic signals if located in: residential, business, or business-activity districts, safety corridors, school zones, or areas with a high concentration of pedestrians and bicyclists.
- **Wildlife Connectivity** – A proposed permanent increase of \$1.3 million and 8 positions to implement the new Transportation Wildlife Connectivity Remediation Program created by AB 2344 (Chapter 964, Statutes of 2022). AB 2344 requires Caltrans to establish and administer the Transportation Wildlife Connectivity Remediation Program, in consultation with the Department of Fish and Wildlife, for the purposes of improving wildlife connectivity across transportation systems in connectivity areas.

Other Budget Proposals for Transportation

The 2022 Budget Act included \$13.8 billion for transportation programs and projects that demonstrated a continued commitment to address transportation-related climate issues. Based on the forecasted decline in General Fund revenues, the budget includes \$2.7 billion in General Fund reductions, partially mitigated by a \$500 million funding shift from state transportation funds, to maintain \$11.6 billion (84 percent) of these investments. The proposed budgetary adjustments are provided below.

- **Local Climate Adaptation Program Funding** – A funding shift of \$200 million from the General Fund to the State Highway Account funding, which leaves the

Program's funding unaffected, so it can continue to deliver planning efforts and projects to support climate resiliency and reduces infrastructure risk.

- **Active Transportation Program** – A reduction of \$500 million of funding from the General Fund, with a \$300 million funding shift from the State Highway Account, for an overall net reduction of \$200 million. This would maintain approximately \$850 million (or 81 percent) of the original \$1.05 billion of the originally planned increase in funding.
- **Transit and Intercity Rail Capital Program** – A reduction of planned funding in 2023 and 2024 from \$2 billion each year to \$1 billion in 2023-24 and \$500 million in each of 2024-25 and 2025-26. These funds are set to be allocated proportionally, by region, based on population to address transit and rail infrastructure needs. This maintains approximately \$5.7 billion (74 percent) of the original \$7.7 billion planned additional funds for local transit capital infrastructure projects. If there is sufficient General Fund in January 2024, this reduction will be restored.
- **Grade Separation Funding** – A delay of \$350 million of funding originally budgeted to be available in 2021-22, which will instead be made available in 2025-26. Given the multi-year nature of these types of projects, this shift should not significantly impact the ability to deliver the same number of originally planned projects that improve safety for people walking, biking, and driving at rail crossings.

The California Transportation Financing Package illustrates the flow of specific dollars, from collection to distribution, and includes transportation funding financed by the issuance of general obligation bonds under the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) and the High-Speed Passenger Train Bond Act of 2008 (Proposition 1A). Any changes made during the legislative process are not reflected in the package.

TRANSPORTATION FUNDS

Transportation revenue is generated from user taxes and fees, and is deposited into separate funds. Within the funds are several accounts that help facilitate the accounting of all receipts and expenditures. An overview of the fund and account activity planned for 2023-24 is provided on the following pages. Please note, not all of the accounts listed are administered by Caltrans. The funds and accounts are:

Transportation Tax Fund

- Highway Users Tax Account
- Motor Vehicle Fuel Account
- Motor Vehicle License Fee Account

State Transportation Fund

- Advance Mitigation Account
- Aeronautics Account
- Local Airport Loan Account
- Motor Vehicle Account
- Public Transportation Account
- Road Maintenance and Rehabilitation Account
- State Highway Account
- Trade Corridor Enhancement Account
- Transportation Financing Subaccount

Other Funds

- Greenhouse Gas Reduction Fund
- Historic Property Maintenance Fund
- State Route 710 Rehabilitation Account
- Traffic Congestion Relief Fund
- Transportation Debt Service Fund

Transportation Bonds

- **Proposition 1B** – Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006
 - California Ports Infrastructure, Security, and Air Quality Improvement Account
 - Corridor Mobility Improvement Account
 - Trade Corridors Improvement Fund
 - Transportation Facilities Account
 - Public Transportation Modernization, Improvement and Service Enhancement Account
 - State-Local Partnership Program Account
 - Local Bridge Seismic Retrofit Account
 - Highway-Railroad Crossing Safety Account
 - Highway Safety, Rehabilitation, and Preservation Account
 - State Route 99 Account
- **Proposition 1A** – High-Speed Passenger Train Bond Fund of 2008

TRANSPORTATION TAX FUND:

Highway Users Tax Account (0062)

The Highway Users Tax Account (HUTA) receives transfers from the Motor Vehicle Fuel Account (MVFA) consisting of the net revenue (after statutory transfers) of diesel and gasoline fuel taxes. The proposed budget estimates that \$9,277,336,000 is available for distribution as follows:

Highway Users Tax Account	
Cities and Counties	\$1,253,661,000
Counties	418,218,000
Cities	268,712,000
State Parks and Recreation Fund	3,400,000
State Controller's Office	1,894,000
Supplemental Pension Payments	0
Statewide General Administrative Expenditures	115,000
Traffic Corridor Enhancement Account	394,946,000
Road Maintenance and Rehabilitation Account	2,366,153,000
Weight Fee Backfill	1,345,504,000
Balance to State Highway Account	3,224,733,000
Accumulated Balance	0
Total	\$9,277,336,000

Motor Vehicle Fuel Account (0061)

Revenues from excise taxes on gasoline, diesel, and aviation fuels are collected and deposited in the MVFA. The proposed budget estimates that \$9,765,546,000 is available for distribution as follows:

Motor Vehicle Fuel Account	
Food and Agriculture Fund	\$75,452,000
Aeronautics Account	6,490,000
Department of Tax and Fee Administration	34,877,000
State Controller's Office	5,557,000
Supplemental Pension Payments	920,000
Statewide General Administrative Expenditures	3,119,000
Off-Highway Vehicle Trust Fund	66,004,000
State Parks and Recreation Fund	107,583,000
Harbors and Watercraft Revolving Fund	18,158,000
General Fund	170,050,000
Balance to Highway Users Tax Account	9,277,336,000
Total	\$9,765,546,000

Motor Vehicle License Fee Account (0064)

Motor Vehicle License fees and miscellaneous in-lieu fees are collected and deposited into the Motor Vehicle License Fee Account (see Chart E). The proposed budget estimates that \$836,059,000 is available for distribution as follows:

Motor Vehicle License Fee Account	
Local Revenue Fund 2011	\$814,713,000
Franchise Tax Board	7,100,000
Department of Motor Vehicles	11,128,000
State Controller's Office	17,000
Supplemental Pension Payments	440,000
Statewide General Administrative Expenditures	2,661,000
Accumulated Balance	0
Total	\$836,059,000

STATE TRANSPORTATION FUND:**Advance Mitigation Account (2504)**

The Advance Mitigation Account was created to enhance communications between Caltrans and stakeholders in order to protect natural resources and to accelerate transportation infrastructure project delivery. Initial funding transfers were from the State Highway Account (SHA) of resources typically used for the State Highway Operation and Protection Program (SHOPP) and the State Transportation Improvement Program (STIP). The account is intended to be self-sustaining through acquisition and development of mitigation credits and reimbursement from transportation projects for use of those credits. The proposed budget estimates that \$93,368,000 is available for distribution as follows:

Advance Mitigation Account	
Capital Outlay	\$30,000,000
Accumulated Balance	63,368,000
Total	\$93,368,000

Aeronautics Account (0041)

Excise taxes attributable to jet fuel and the distribution of motor vehicle fuel for use in propelling aircraft are transferred from the MVFA in the Transportation Tax Fund to the Aeronautics Account. The Aeronautics Account provides funding for grants to qualifying airports, for acquisition and development, and state dollars to local agencies to match federal funds for airport improvements. The proposed budget estimates that \$15,103,000 is available for distribution as follows:

Aeronautics Account			
	State Funds	Federal Funds	Total Funds
State Operations	\$4,691,000	\$463,000	\$5,154,000
Local Assistance	3,990,000	0	3,990,000
Public Transportation Account	30,000	0	30,000
Statewide General Administrative Expenditures	319,000	0	319,000
Accumulated Balance	5,610,000	0	5,610,000
Total	\$14,640,000	\$463,000	\$15,103,000

Local Airport Loan Account (0052)

The Local Airport Loan Account (LALA) is a subaccount of the Aeronautics Account. Monies deposited in the LALA represent payments of principal and interest received on loans made by Caltrans to local agencies for acquisition, construction, improvement, maintenance, and operation of local airports. The accumulated balance of this fund is used for future loans to local agencies. The proposed budget estimates that \$6,499,000 is available for distribution as follows:

Local Airport Loan Account	
Aeronautics Account	\$2,500,000
Local Assistance	-489,000
Accumulated Balance	4,488,000
Total	\$6,499,000

Motor Vehicle Account (0044)

Motor vehicle registration, driver's license, and off-highway vehicle registration fees are collected and deposited into the Motor Vehicle Account. The proposed budget estimates that \$4,835,319,000 is available for distribution as follows:

Motor Vehicle Account	
State Highway Account	\$1,356,000
Motor Vehicle License Fee Account	585,000
General Fund	45,000
Environmental License Plate Fund	73,000
Interest Transfer to Other Accounts	21,000
Secretary for Environmental Protection	1,891,000
Department of Justice	31,992,000
Judicial Branch	238,000
Energy Resources Conservation and Development Commission	225,000
California Public Employees' Retirement Fund	0
California Highway Patrol	2,793,560,000
Department of Motor Vehicles	1,324,276,000
Department of Public Health	1,709,000
Commission on State Mandates	1,809,000
California State Transportation Agency	1,823,000
Air Resources Board	169,875,000
Franchise Tax Board	3,768,000
Department of Food and Agriculture	11,350,000
Office of Environmental Health Hazard Assessment	5,398,000
Department of Education	1,073,000
Supplemental Pension Payments	71,683,000
Statewide General Administrative Expenditures	197,106,000
Accumulated Balance	215,463,000
Total	\$4,835,319,000

Public Transportation Account (0046)

Resources in the Public Transportation Account (PTA) may only be used for transportation planning and mass transportation purposes. Due to the passage of Assembly Bills (AB) 6 and 9 of the Eighth Extraordinary Session of 2009-10 (Chapter 11, Statutes of 2010), Senate Bill 70 (Chapter 9, Statutes of 2010), and AB 105 (Chapter 6, Statutes of 2011), collectively known as the Fuel Tax Swap of 2010, the only remaining source of revenue for the PTA was the sales tax on diesel fuel. With the enactment of Senate Bill (SB) 1, the PTA also receives deposits of the new Transportation Improvement Fee (TIF). Other resources include annual transfers from the SHA and the Aeronautics Account for planning cost.

The accumulated balance in the table below represents resources available for future years, including commitments to existing projects and assets and liabilities from other departments that report on a modified accrual basis. The Governor's proposed budget estimates that \$4,228,943,000 is available for distribution as follows:

Public Transportation Account			
	State Funds	Federal Funds	Total Funds
State Operations	\$219,394,000	\$46,143,000	\$265,537,000
Local Assistance	327,120,000	223,866,000	550,986,000
Capital Outlay	47,928,000	42,049,000	89,977,000
Public Utilities Commission	9,651,000	0	9,651,000
State Controller's Office	19,000	0	19,000
California Transportation Commission	4,774,000	0	4,774,000
Supplemental Pension Payments	1,963,000	0	1,963,000
Statewide General Administrative Expenditures	6,969,000	0	6,969,000
University of California	980,000	0	980,000
State Transit Assistance (Local Assistance)	1,060,755,000	0	1,060,755,000
California State Transportation Agency (State Operations)	1,770,000	0	1,770,000
California State Transportation Agency (Local Assistance)	60,160,000	0	60,160,000
High-Speed Rail Authority	1,000,000	0	1,000,000
Office of the Inspector General			
Cash Adjustment for Transportation Funds	0	0	0
Accumulated Balance	2,174,402,000	0	2,174,402,000
Total	\$3,916,885,000	\$312,058,000	\$4,228,943,000

Road Maintenance and Rehabilitation Account (3290)

The Road Maintenance and Rehabilitation Account (RMRA) was created as part of the Road Repair and Accountability Act of 2017, also known as SB 1. Pursuant to SB 1, the RMRA receives revenues attributable to increased fuel taxes, a portion of TIF and the Road Improvement Fee (Zero-Emission Vehicles).

The resources made available through the RMRA will be used to address deferred maintenance and rehabilitation projects on the state highway system and the local streets and roads system. It will also fund allowable safety, rail, active transportation and trade corridor investments. After earmarks, the remaining revenues in the RMRA are divided evenly between state and local apportionments. The proposed budget estimates that \$6,004,813,000 will be available for distribution as follows:

Road Maintenance and Rehabilitation Account	
State Operations	\$826,352,000
Local Assistance	364,634,000
Capital Outlay	834,190,000
Cities and Counties	1,574,640,000
Department of Motor Vehicles	9,142,000
Air Resources Board	19,000
University of California	5,000,000
California State University	2,500,000
State Controller's Office	664,000
Statewide General Administrative Expenditures	7,327,000
State Highway Account	25,000,000
Accumulated Balance	2,355,345,000
Total	\$6,004,813,000

State Highway Account (0042)

The SHA is the state's primary transportation account and retains a large portion of the resources available for the state's highway transportation system. The primary sources of revenue for the SHA are fuel taxes transferred from the HUTA, and reimbursements from the Federal Highway Trust Fund for federal-aid highway projects (see Chart A). Federal funds received by Caltrans come from federal fuel excise taxes paid by consumers at the pump. The taxes are apportioned and allocated back to the state through the Federal Transportation Act and the federal budget. Each federal-aid highway project must be authorized, in advance, by the Federal Highway Administration. Additionally, federal funds must be obligated before the state can be reimbursed. Once the authorization process and obligation of funds are completed, the state can recover federal reimbursements based on the expenditures of federally-eligible projects.

The Weight Fee Swap of 2011 redirected all weight fees to the Transportation Debt Service Fund (TDSF) for transportation debt service payments and General Fund loans. In return, the SHA receives monthly backfill payments, from the incremental excise tax (formerly the price-based excise tax), equal to the sum of weight fees that were redirected from the account.

Pursuant to SB 1, a portion of the new TIF revenue is deposited in the SHA for the Solutions for Congested Corridors program. In addition, the SHA receives transfers from the RMRA to support the Freeway Service Patrol program.

The accumulated balance in the following table represents resources available for future years, including commitments to existing projects, and assets and liabilities from other departments that report on a modified accrual basis. The proposed budget estimates that \$16,618,667,000 is available for distribution as reflected on the following page:

State Highway Account

	State Funds	Federal Funds	Total Funds
State Operations	\$3,655,604,000	\$964,993,000	\$4,620,597,000
Local Assistance	433,794,000	3,250,325,000	3,684,119,000
Capital Outlay	997,605,000	3,937,773,000	4,935,378,000
Unclassified	0	5,000,000	5,000,000
Public Transportation Account	25,046,000	0	25,046,000
Environmental Enhancement and Mitigation	7,000,000	0	7,000,000
Air Resources Board	179,000	0	179,000
Secretary for Transportation Agency	5,431,000	0	5,431,000
California Transportation Commission	4,281,000	0	4,281,000
California Highway Patrol	103,367,000	0	103,367,000
Department of Motor Vehicles	7,874,000	0	7,874,000
Department of Conservation	12,000	0	12,000
Public Utilities Commission	9,156,000	0	9,156,000
University of California	1,000,000	0	1,000,000
Transportation Debt Service Fund	1,430,504,000	0	1,430,504,000
Interest Payments to Federal Government	2,500,000	0	2,500,000
Supplemental Pension Payments	61,582,000	0	61,582,000
Statewide General Administrative Expenditures	218,779,000	0	218,779,000
Cash Adjustment for Transportation Funds	0	0	0
Accumulated Balance	1,496,862,000	0	1,496,862,000
Total	\$8,460,576,000	\$8,158,091,000	\$16,618,667,000

Trade Corridor Enhancement Account (3291)

The Trade Corridor Enhancement Account (TCEA) was created as part of SB 1. The TCEA receives revenue from a portion of the increase to the diesel fuel excise tax authorized by SB 1. Funds in the account shall be available for expenditure upon appropriation by the Legislature for corridor-based freight projects nominated by local agencies and the state. The proposed budget estimates that \$1,442,332,000 will be available for distribution as follows:

Trade Corridor Enhancement Account	
State Operations	\$19,163,000
Local Assistance	86,620,000
Capital Outlay	301,516,000
Air Resources Board	9,000
Statewide General Administrative Expenditures	289,000
Accumulated Balance	1,034,735,000
Total	\$1,442,332,000

Transportation Financing Subaccount (6801)

The Transportation Financing Subaccount was created to receive the deposit of proceeds from the sale of tax-exempt or taxable notes, known as Grant Anticipation Revenue Vehicles (GARVEE). These notes were issued by the State Treasurer to finance selected large-scale federal transportation projects administered by Caltrans. The funds in the subaccount are attributable to the GARVEE bond sales from 2004 and 2008, and are continuously appropriated and available for use as directed by the California Transportation Commission.

Transportation Financing Subaccount	
Capital Outlay	\$0
Accumulated Balance	0
Total	\$0

OTHER FUNDS:

Greenhouse Gas Reduction Fund (3228)

The Greenhouse Gas Reduction Fund was created to advance the goals of the California Global Warming Solutions Act of 2006, which hopes to reduce greenhouse gas emissions and support long-term, transformative efforts to improve public health and develop a clean energy economy. Monies appropriated from the fund may be allocated for the purpose of reducing greenhouse gas emissions in the state through investments. The proposed budget estimates that \$857,000 is available to Caltrans for distribution as follows:

Greenhouse Gas Reduction Fund	
State Operations	\$857,000
Accumulated Balance	0
Total	\$857,000

Historic Property Maintenance Fund (0365)

The Historic Property Maintenance Fund provides funding for costs associated with the maintenance and operation of federally-designated or state historic properties that are owned by Caltrans and are located in a freeway right-of-way corridor. Revenues are derived from 50 percent of the rental receipts collected on these historic properties. The proposed budget estimates that \$1,743,000 is available for distribution as follows:

Historic Property Maintenance Fund	
State Operations	\$1,137,000
Accumulated Balance	606,000
Total	\$1,743,000

State Route 710 Rehabilitation Account (2503)

The State Route 710 Rehabilitation Account was created to repair surplus residential properties that will benefit citizens of low or moderate income subject to displacement. Revenues are derived from the sales of surplus residential property. The proposed budget estimates that \$957,000 is available for distribution as follows:

State Route 710 Rehabilitation Account	
State Operations	\$0
State Highway Account	0
Accumulated Balance	957,000
Total	\$957,000

Traffic Congestion Relief Fund (3007)

The Traffic Congestion Relief Fund provides funding for deferred maintenance on local streets and roads, and congestion relief projects. It provides additional transportation capacity in high growth areas of the state. The accumulated balance in the table below represents resources available for future years, including commitments to existing projects. The proposed budget estimates that \$26,062,000 is available for distribution as follows:

Traffic Congestion Relief Fund	
State Operations	\$1,101,000
Cash Adjustment for Transportation Funds	0
Accumulated Balance	24,961,000
Total	\$26,062,000

Transportation Debt Service Fund (3107)

The TDSF was established for payment of debt service on bonds including those issued pursuant to the Clean Air and Transportation Improvement Act of 1990, the Passenger Rail and Clean Air Bond Act of 1990, the Seismic Retrofit Bond Act of 1996, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, and the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. As part of the Weight Fee Swap, weight fees deposited into the SHA are subsequently transferred to the TDSF. The proposed budget estimates that \$1,430,504,000 is available for distribution as follows:

Transportation Debt Service Fund	
General Obligation Bonds	\$1,430,504,000
Accumulated Balance	0
Total	\$1,430,504,000

PROPOSITION 1B – HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006

Proposition 1B, approved by voters in November 2006, authorized the issuance of \$19.925 billion in state general obligation bonds under the Bond Act. The objectives of the Bond Act are to improve transportation, air quality, and port security, through the creation of new transportation accounts and programs, and by providing new funding for existing programs.

The 2023-24 proposed budget includes \$48 million for Proposition 1B bond programs and existing projects. This includes over \$24 million for Capital Outlay and approximately \$15 million for Local Assistance.

Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (6053)

Bond funding of \$47,567,000 will be distributed from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 as follows:

Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	
California Ports Infrastructure, Security, and Air Quality Improvement Account	\$1,326,000
Corridor Mobility Improvement Account	538,000
Trade Corridors Improvement Fund	11,114,000
Transportation Facilities Account	412,000
Public Transportation Modernization, Improvement and Service Enhancement Account	1,165,000
State-Local Partnership Program Account	384,000
Local Bridge Seismic Retrofit Account	9,804,000
Highway-Railroad Crossing Safety Account	1,691,000
Highway Safety, Rehabilitation, and Preservation Account	9,011,000
State Route 99 Account	12,122,000
Total	\$47,567,000

California Ports Infrastructure, Security, and Air Quality Improvement Account (6054)

The California Ports Infrastructure, Security, and Air Quality Improvement Account was established to fund infrastructure improvements along trade corridors, to reduce emissions from activities related to the movement of freight along California’s trade corridors, and to fund port, harbor and ferry terminal security improvements. The proposed budget estimates that \$1,326,000 is available for distribution as follows:

California Ports Infrastructure, Security, and Air Quality Improvement Account	
Air Resources Board	\$1,326,000
Total	\$1,326,000

Corridor Mobility Improvement Account (6055)

The Corridor Mobility Improvement Account was established to fund performance improvements on the state highway system, or major access routes to the state highway system on the local road system that relieve congestion by expanding capacity, enhancing operations, or otherwise improving travel times within these high-congestion travel corridors. Projects are identified by Caltrans and regional or local transportation agencies and are allocated by the Commission. The proposed budget estimates that \$538,000 is available for distribution as follows:

Corridor Mobility Improvement Account	
State Operations	\$538,000
Total	\$538,000

Trade Corridors Improvement Fund (6056)

The Trade Corridors Improvement Fund was established to fund infrastructure improvements along federally-designated "Trade Corridors of National Significance" in the state or along other corridors within the state that have a high volume of freight movement, as determined by the Commission. The proposed budget estimates that \$11,114,000 is available for distribution as follows:

Trade Corridors Improvement Fund	
State Operations	\$917,000
Local Assistance	3,750,000
Capital Outlay	6,447,000
Total	\$11,114,000

Transportation Facilities Account (6058)

The Transportation Facilities Account was established to augment funding for projects included in the STIP (Government Code, Section 14525.5). The proposed budget estimates that \$412,000 is available for distribution as follows:

Transportation Facilities Account	
State Operations	\$412,000
Total	\$412,000

Public Transportation Modernization, Improvement and Service Enhancement Account (6059)

The Public Transportation Modernization, Improvement and Service Enhancement Account was established to fund intercity rail projects and commuter or urban rail operators, bus operators, waterborne transit operators, and other transit operators in California. The account is used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement. The proposed budget estimates that \$1,165,000 is available for distribution as follows:

Public Transportation Modernization, Improvement and Service Enhancement Account	
State Operations	\$797,000
Capital Outlay	368,000
Total	\$1,165,000

State-Local Partnership Program Account (6060)

The State-Local Partnership Program Account provides dollar-for-dollar matching funds for eligible transportation projects nominated by applicant transportation agencies. The proposed budget estimates that \$384,000 is available for distribution as follows:

State-Local Partnership Program Account	
State Operations	\$384,000
Total	\$384,000

Local Bridge Seismic Retrofit Account (6062)

The Local Bridge Seismic Retrofit Account was established to provide the required match for federal Highway Bridge Replacement and Repair funds available to the state for seismic work on local bridges, ramps, and overpasses, as identified by Caltrans. The proposed budget estimates that \$9,804,000 is available for distribution as follows:

Local Bridge Seismic Retrofit Account	
State Operations	\$176,000
Local Assistance	9,628,000
Total	\$9,804,000

Highway-Railroad Crossing Safety Account (6063)

The Highway-Railroad Crossing Safety Account was established to fund the completion of high-priority grade separation and railroad crossing safety improvements pursuant to Chapter 10 (Sections 2450 - 2461) of Division Three of the Streets and Highways Code (SHC). A dollar-for-dollar match of non-state funds shall be provided for each project, and the limitation on maximum project costs in SHC, Section 2454(g), shall not be applicable to projects funded with this account. The proposed budget estimates that \$1,691,000 is available for distribution as follows:

Highway-Railroad Crossing Safety Account	
State Operations	\$72,000
Local Assistance	1,619,000
Total	\$1,691,000

Highway Safety, Rehabilitation, and Preservation Account (6064)

The Highway Safety, Rehabilitation, and Preservation Account was established to fund the SHOPP, traffic light synchronization, and other technology-based projects, in order to improve safety, operations, and the effective capacity of local streets and roads (Government Code, Section 14526.5). The proposed budget estimates that \$9,011,000 is available for distribution as follows:

Highway Safety, Rehabilitation, and Preservation Account	
State Operations	\$423,000
Capital Outlay	8,588,000
Total	\$9,011,000

State Route 99 Account (6072)

The State Route 99 Account was established to provide funding for safety, operational enhancements, rehabilitation, or capacity improvements for the State Route 99 corridor that traverses approximately 400 miles of the state's central valley. The proposed budget estimates that \$12,122,000 is available for distribution as follows:

State Route 99 Account	
State Operations	\$3,301,000
Capital Outlay	8,821,000
Total	\$12,122,000

PROPOSITION 1A – HIGH-SPEED PASSENGER TRAIN BOND FUND

High-Speed Passenger Train Bond Fund (6043)

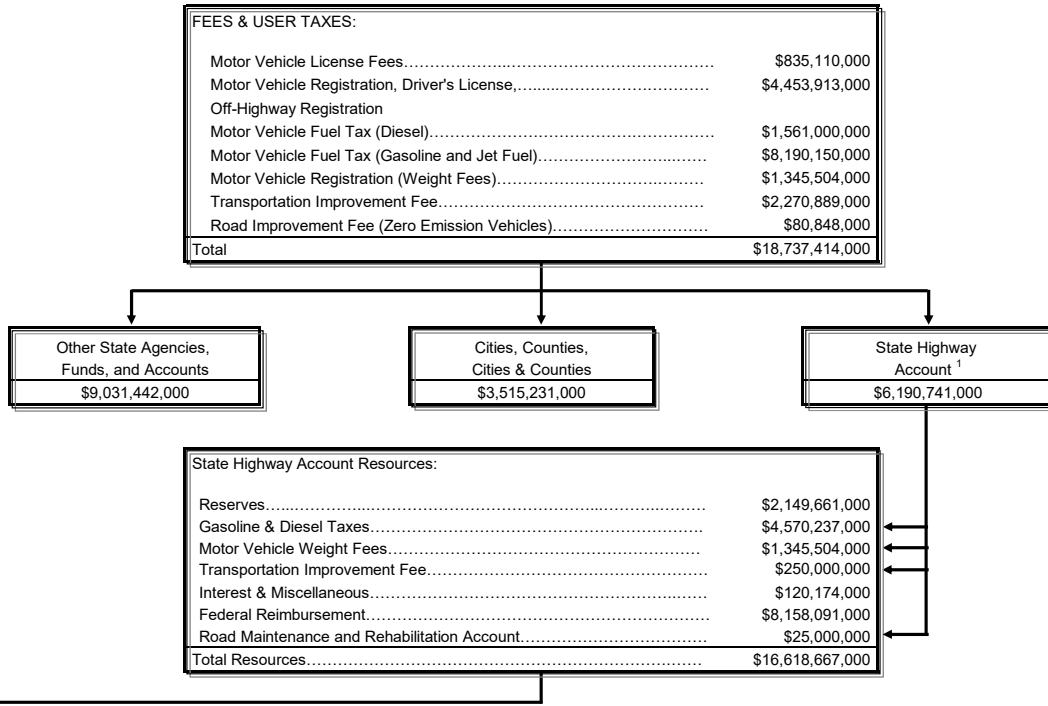
Proposition 1A, approved by voters in 2008, authorized \$9.95 billion in general obligation bonds to initiate the construction of a high-speed train system. The proposed budget includes \$33,845,000 for the Proposition 1A bond program as follows:

High-Speed Passenger Train Bond Fund	
High-Speed Rail Authority	\$33,845,000
Total	\$33,845,000

Attachments:

- Chart A: "Source and Distribution of California State Motor Vehicle Fees and User Taxes"
Summarizes the source and distribution of the state motor vehicle and user taxes, and that of the State Highway Account.
- Chart B: "Transportation Bonds"
Shows sources and distribution of various bond funds for existing programs.
- Chart C: "Budgetary Flow of California State Fees and Taxes Designated for Transportation Purposes"
Shows the budgetary flow of state motor vehicle fees and fuel taxes in California, along with other fund sources that constitute the financing available to Caltrans, as displayed in the 2023-24 proposed Governor's Budget.
- Chart D: "Distribution of California Sales Tax Revenue"
Shows the distribution of sales tax revenues from gasoline and diesel fuel sales to the Public Transportation Account and the Transportation Investment Fund.
- Chart E: "Motor Vehicle License Fee Distribution"
Shows the distribution of revenues from motor vehicle license fees to the Motor Vehicle License Fee Account.
- Chart F: "State Transportation Revenues"
Shows the distribution of total transportation revenues from state motor vehicle fees and fuel taxes designated for transportation purposes.
- Chart G: "Incremental Excise Tax Distribution"
Shows the distribution of the incremental excise fuel tax for 2023-24 based on the proposed Governor's Budget.

**2023-24 Fiscal Year
SOURCE AND DISTRIBUTION OF CALIFORNIA
STATE MOTOR VEHICLE FEES AND USER TAXES**



DEPARTMENT OF TRANSPORTATION				
State Operations: Project Development and Other Capital Support..... \$1,900,033,000 Mass Trans. & Planning..... \$94,781,000 Program Development..... \$87,423,000 Safety, Operations & Local Assist..... \$377,336,000 Maintenance..... \$1,990,589,000 Legal..... \$154,477,000 Office of Inspector General..... \$15,958,000 \$4,620,597,000	Capital Outlay: Right-of-Way Acquisition & Engineering, Construction & Management \$4,935,378,000	Local Assistance: Local Assistance..... \$3,673,319,000 Regional Planning..... \$10,800,000 \$3,684,119,000	Unclassified: \$5,000,000	Cash Adjustment for Transportation Funds: \$0

OTHER AGENCIES, ACCOUNTS AND FUNDS	
Air Resources Board.....	\$179,000
Secretary for Transportation Agency.....	\$5,431,000
California Transportation Commission.....	\$4,281,000
California Highway Patrol.....	\$103,367,000
Department of Motor Vehicles.....	\$7,874,000
Department of Conservation.....	\$12,000
Environmental Enhancement and Mitigation Program Fund.....	\$7,000,000
Transportation Debt Service Fund.....	\$1,430,504,000
University of California.....	\$1,000,000
Interest Payments to Federal Government.....	\$2,500,000
Public Transportation Account.....	\$25,046,000
Public Utilities Commission.....	\$9,156,000
Supplemental Pension Payments.....	\$61,582,000
Statewide General Administrative Expenditures.....	\$218,779,000
Total	\$1,876,711,000

Reserve for Economic Uncertainties \$1,496,862,000
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¹ Includes resources that are transferred out for debt service.
Note: Retail sales tax on diesel is not included.

2023-24 Fiscal Year TRANSPORTATION BONDS

PROPOSITION 1B

HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY FUND OF 2006 (2660-6053) <i>Government Code, Sections 8879.20 - 8879.37</i>	
Revenues (Proceeds from Sale of Bonds).....	\$47,567,000
Transfers:	
6054 - California Ports Infrastructure, Security, and Air Quality Improvement Account.....	-\$1,326,000
6055 - Corridor Mobility Improvement Account.....	-\$538,000
6056 - Trade Corridors Improvement Fund.....	-\$11,114,000
6058 - Transportation Facilities Account.....	-\$412,000
6059 - Public Transportation Modernization, Improvement and Service Enhancement Account.....	-\$1,165,000
6060 - State-Local Partnership Program Account.....	-\$384,000
6062 - Local Bridge Seismic Retrofit Account.....	-\$9,804,000
6063 - Highway-Railroad Crossing Safety Account.....	-\$1,691,000
6064 - Highway Safety, Rehabilitation, and Preservation Account.....	-\$9,011,000
6072 - State Route 99 Account.....	-\$12,122,000
Total Resources.....	\$0

PROPOSITION 1A

HIGH-SPEED PASSENGER TRAIN BOND FUND (2665-6043) <i>Streets & Highways Code, Sections 2704.04 - 2704.095</i>	
Resources.....	\$33,845,000
High-Speed Rail Authority	
	\$33,845,000

CA PORTS INFRASTRUCTURE, SECURITY, AND AIR QUALITY IMPROVEMENT ACCOUNT (3900-6054) <i>Government Code, Section 8879.23(9)(c)</i>	
Resources.....	\$1,326,000
Air Resources Board	
	\$1,326,000

STATE-LOCAL PARTNERSHIP PROGRAM ACCOUNT (2660-6060) <i>Government Code, Section 8879.23(g)</i>	
Resources.....	\$384,000
State Operations	
	\$384,000

CORRIDOR MOBILITY IMPROVEMENT ACCOUNT (2660-6055) <i>Government Code, Section 8879.23(a)(1)</i>	
Resources.....	\$538,000
State Operations	
	\$538,000

LOCAL BRIDGE SEISMIC RETROFIT ACCOUNT (2660-6062) <i>Government Code, Section 8879.23(i)</i>	
Resources.....	\$9,804,000
State Operations	
	\$176,000
Local Assistance	
	\$9,628,000

TRADE CORRIDORS IMPROVEMENT FUND (2660-6056) <i>Government Code, Sections 8879.23(c)(1)(A) & 8879.52</i>	
Resources.....	\$11,114,000
State Operations	
	\$ 917,000
Local Assistance	
	\$3,750,000
Capital Outlay	
	\$6,447,000

HIGHWAY-RAILROAD CROSSING SAFETY ACCOUNT (2660-6063) <i>Government Code, Section 8879.23(j)(1)</i>	
Resources.....	\$1,691,000
State Operations	
	\$72,000
Local Assistance	
	\$1,619,000

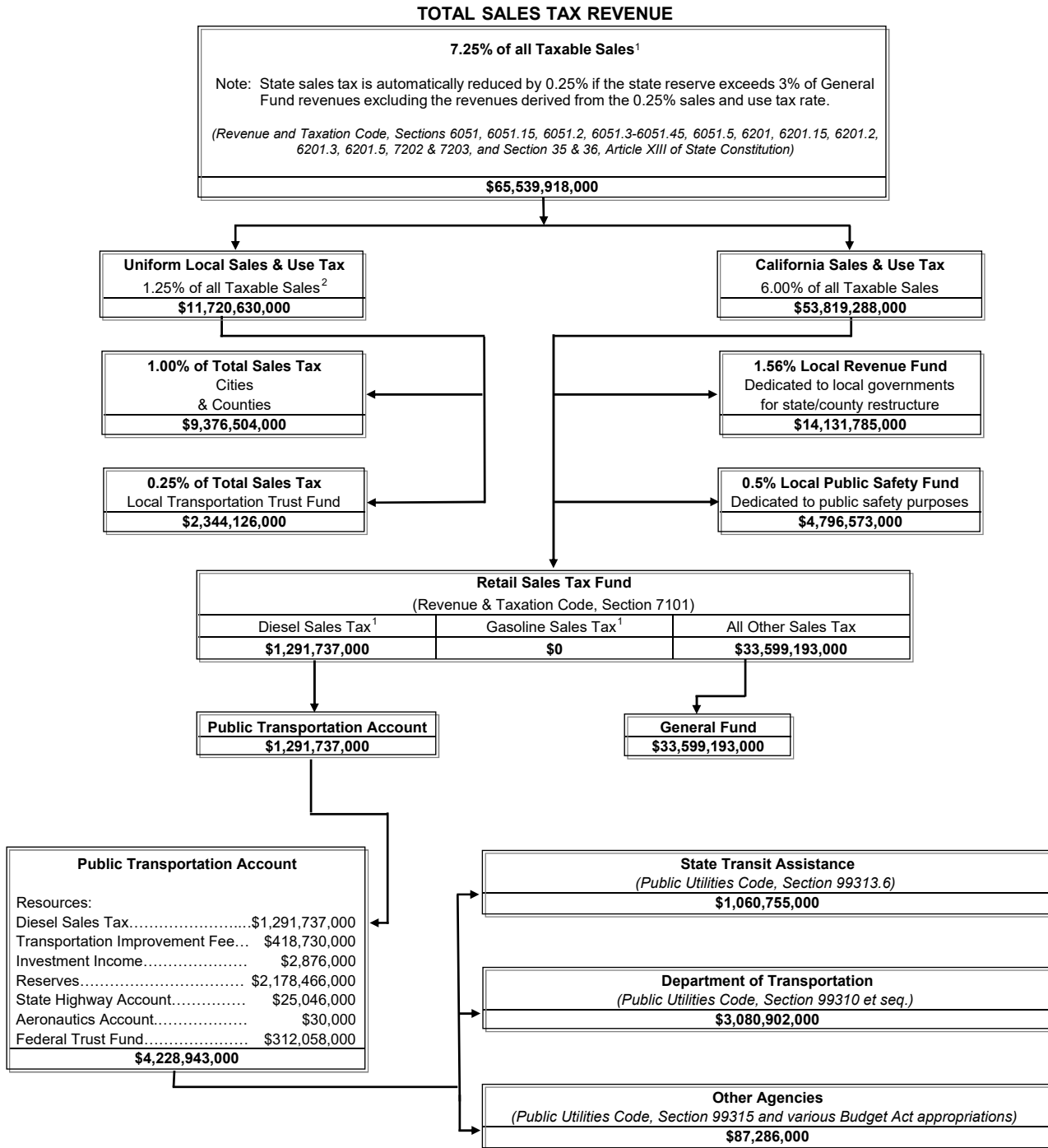
TRANSPORTATION FACILITIES ACCOUNT (2660-6058) <i>Government Code, Section 8879.23(e)</i>	
Resources.....	\$412,000
State Operations	
	\$412,000

HIGHWAY SAFETY, REHABILITATION, AND PRESERVATION ACCOUNT (2660-6064) <i>Government Code, Section 8879.23(k)(1)</i>	
Resources.....	\$9,011,000
State Operations	
	\$423,000
Capital Outlay	
	\$8,588,000

PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (2660-6059) <i>Government Code, Section 8879.23(f)(1)</i>	
Resources.....	\$1,165,000
State Operations	
	\$797,000
Capital Outlay	
	\$368,000

STATE ROUTE 99 ACCOUNT (2660-6072) <i>Government Code, Section 8879.23(b)</i>	
Resources.....	\$12,122,000
State Operations	
	\$3,301,000
Capital Outlay	
	\$8,821,000

2023-24 Fiscal Year
DISTRIBUTION OF CALIFORNIA SALES TAX REVENUE
 Dollar amounts are approximate and based on 2023-24 Governor's Proposed Budget
 and 2023-24 Department of Finance sales tax forecasts



¹ Total Sales and Use Tax collected on diesel was set at 13%. The Fuel Tax Swap (ABX8 6) enacted in March 2010, eliminated state sales tax on gasoline for transportation programs, and increased sales tax on diesel fuel by 1.75% beginning in 2014-15 pursuant to R&TC 6051.8(a). Senate Bill 1, enacted in April 2017, increased sales tax on diesel fuel by 4% beginning in November 2017 pursuant to R&TC 6051.8(b). Pursuant to AB 194 (2022), effective October 1, 2022, through September 30, 2023, a portion of the diesel sales tax will be partially suspended. The applicable sales tax rate on diesel fuel during this period will be 9.0625%. This suspension is not anticipated to impact transportation funding.

² Counties may impose additional district taxes for special purposes (mass transit systems, schools, public safety projects, etc.)

Notes: Amounts may not sum to totals due to independent rounding.

Taxes imposed, collected and deposited into the State Fiscal Recovery Fund per R&TC 6051.5 have ceased, and the State Fiscal Recovery Fund, historically shown, has been removed from this chart.

**2023-24 Fiscal Year
MOTOR VEHICLE LICENSE FEE DISTRIBUTION**

<p>MOTOR VEHICLE LICENSE FEE REVENUE*</p> <p>Revenue and Taxation Code, Sections 10752</p> <p>Vehicle License Fee</p> <p>0.65% of market value as determined by the Department of Motor Vehicles (annual amount).</p>
<p>\$3,327,133,000</p>

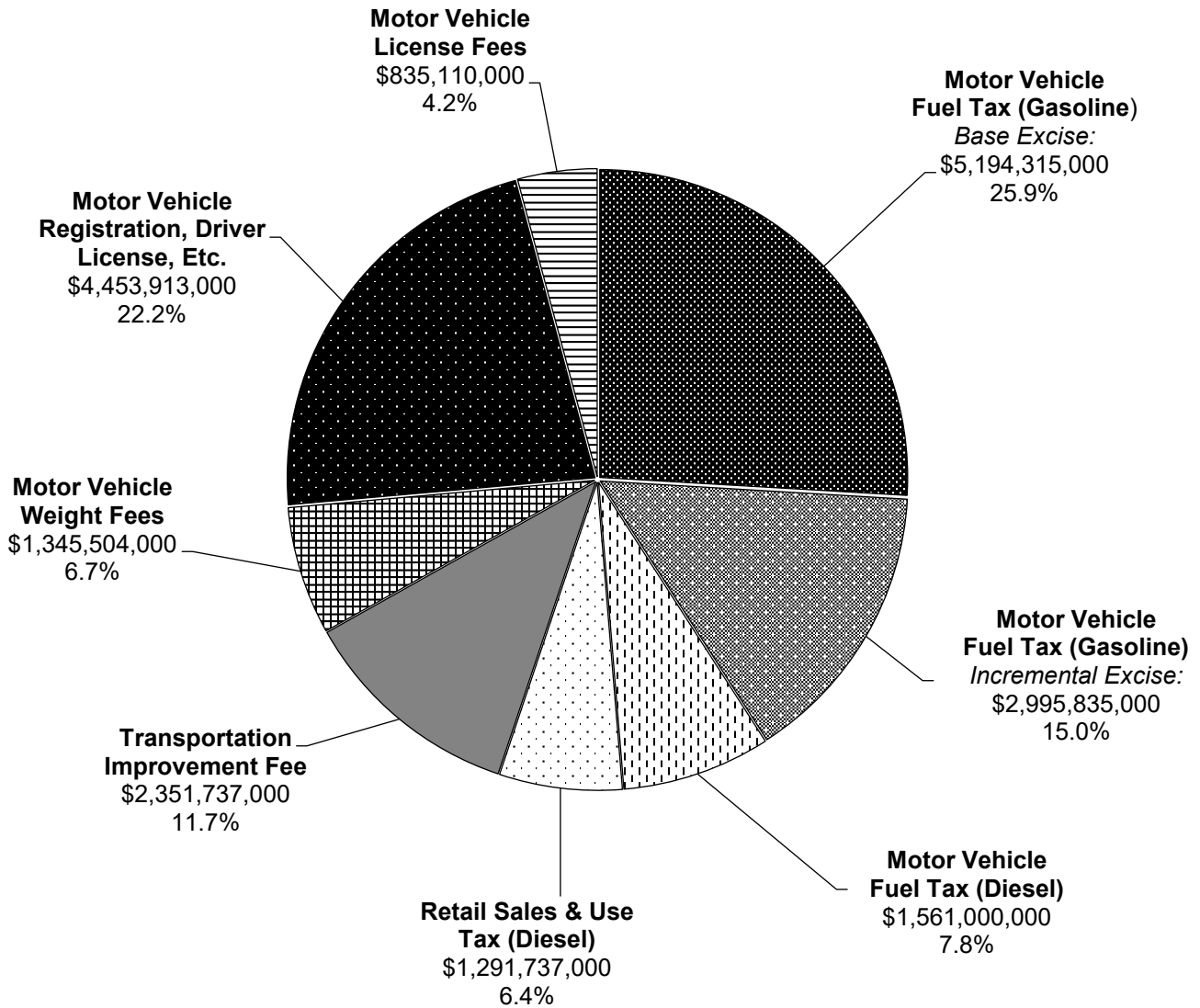
<p>MOTOR VEHICLE LICENSE FEE ACCOUNT</p>	
<p>Resources:</p>	
Reserves.....	\$0
25.1% of Vehicle License Fees.....	\$835,110,000
Investment Income.....	\$364,000
Motor Vehicle Account Transfers.....	\$585,000
Local Revenue Fund 2011 Transfers.....	-\$814,713,000
Total Resources.....	\$21,346,000
<p>Disbursements:</p>	
State Controller's Office.....	\$17,000
Franchise Tax Board.....	\$7,100,000
Department of Motor Vehicles.....	\$11,128,000
Supplemental Pension Payments.....	\$440,000
Statewide General Administrative Expenditures.....	\$2,661,000
Total Disbursements.....	\$21,346,000
Accumulated Balance.....	\$0

<p>LOCAL REVENUE FUND (Motor Vehicle License Fee portion only)</p>	
74.9% of Vehicle License Fees.....	\$2,492,023,000
<p>\$2,492,023,000</p>	

* Distribution of Vehicle License Fee revenue revised to 25.1% / 74.9%
(State / Local) split by Revenue and Taxation Code, Section 11001.5.

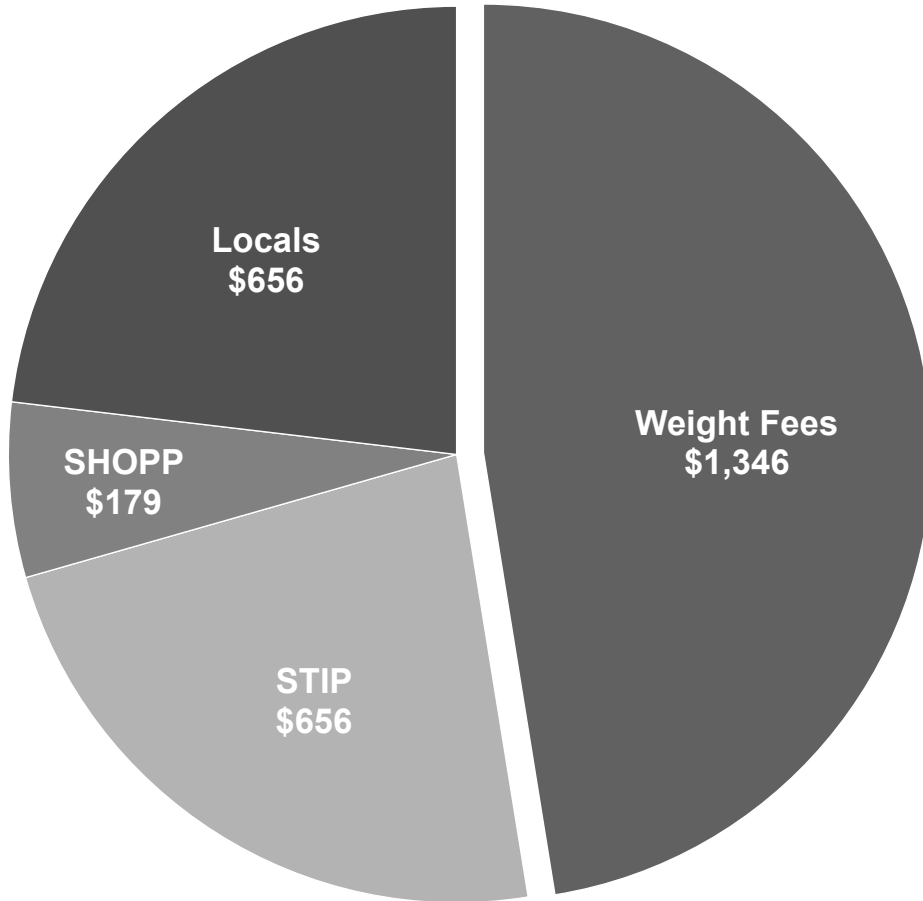
**2023-24 Fiscal Year
STATE TRANSPORTATION REVENUES**
From California State Motor Vehicle Fees and Taxes

**\$20.029 Billion
Total Revenues**



Notes: Does not include funding from the various bond revenues.
 Motor Vehicle Fuel Tax (Gasoline) Base Excise Tax total includes Jet Fuel.
 Motor Vehicle Fuel Tax (Diesel) total includes Use Fuel.
 Transportation Improvement Fee total includes Road Improvement Fee (Zero-Emission Vehicle).
 Weight Fees are transferred to the TDSF for transportation bond debt service, per Vehicle Code, Section 9400.4.

2023-24 Fiscal Year
INCREMENTAL EXCISE TAX DISTRIBUTION
(\$ in millions)



\$2.8 Billion

Notes: Dollar values are as displayed in the 2023-24 Governor's Proposed Budget.
General Fund transfers are not displayed in the chart.